

THE DIGITAL TELEVISION TRANSITION: GOVERNMENT AND INDUSTRY PERSPECTIVES

HEARING

BEFORE THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

OCTOBER 17, 2007

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ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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THE DIGITAL TELEVISION TRANSITION: GOVERNMENT AND INDUSTRY PERSPECTIVES

WEDNESDAY, OCTOBER 17, 2007

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 2:35 p.m. in room SR-253, Russell Senate Office Building, Hon. Daniel K. Inouye, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. DANIEL K. INOUE, U.S. SENATOR FROM HAWAII

The CHAIRMAN. The hearing will come to order. I'm sorry I'm a bit late, but his holiness the fourteenth Dalai Lama received the Congressional Gold Medal and the ceremony just ended.

February 17, 2009, that's a date that we must all remember. A revolution is coming to TV sets across this country, because in fewer than 500 days TV broadcasters will switch from analog to digital signals. This change holds tremendous promise. Viewers can expect sharper pictures, crisper sound, and whole new channels through multicasting. The switch to digital also means more spectrum for our Nation's first responders.

These are all good things. Like with many revolutions, however, these rewards come with an undercurrent of risk. As many as 21 million households rely exclusively on over-the-air TV. If their sets go dark, they'll be disconnected from news, public safety announcements, and community information. To prevent this from happening, we have task forces, expos, workshops, and an industry-led publicity campaign. Despite these efforts, the American public is still not well educated about the transition, the coupon program, where to find boxes, and how to attach them to their sets.

In too many ways, our transition from analog can go askance. Instead of a digital revolution, we may find ourselves in a digital disaster.

The time has come to manage the mechanics of the DTV transition with the American public in mind. First we must develop a Federal interagency DTV task force to marshal resources across the government and maximize our chances for a smooth transition.

Second, we need to recognize that national messages will only take us so far. What works in Houston may not work in Honolulu. Questions about the impact of tower construction and the presence of translator stations require local answers. We need the equivalent of DTV "block captains" who are ready, willing, and able to provide this information in every designated media market in this country.

Finally, we must identify ways to measure our progress in each market in this country. Then we must use this data to determine what further efforts are needed.

So I look forward to working with our witnesses to ensure that in the digital revolution of our time no citizen is left behind.

May I call upon the Vice Chairman of the Committee, Senator Stevens.

**STATEMENT OF HON. TED STEVENS,
U.S. SENATOR FROM ALASKA**

Senator STEVENS. Thank you very much, Mr. Chairman. We welcome our witnesses and I thank you for holding this very important hearing. The digital transition bill will be a very positive milestone for this country. Up our way we call them mileposts so we can see them in the winter time. But as this milepost of February 17, 2009, approaches, it's critical that Congress maintain an active oversight role to ensure that consumers are properly educated about this transition and know how to avail themselves of the converter boxes under the program.

This transition will reap important benefits for all Americans, especially with respect to public safety because public safety will, as you said, receive much of the needed spectrum, the 24 megaHertz. Additionally, proceeds from the auction of the remaining spectrum will be vital to various programs, such as \$1 billion for interoperability grants, \$1.5 billion for the converter box program, and over \$7 billion for deficit reduction, and, if it's still there, \$43.5 million for E-911.

This hearing I hope will focus on how the government and industry can work together to educate the public about the transition. The announcement first from the cable industry and now from the broadcasters regarding the education and outreach program is very positive news, I think. I'm also encouraged to hear that NTIA has been moving along with an aggressive schedule to administer the converter box program. It's my understanding that two models of these converter boxes have already been certified as eligible to participate in that program.

We look forward to hearing how the witnesses will work together to ensure these converter boxes make their way to all who will need them, especially vulnerable populations like senior citizens and people in remote areas. I assure you that none are more remote than my Alaskan villages, so we're hopeful you'll comment upon that.

Thank you very much.

The CHAIRMAN. Thank you, sir.

Senator Hutchison?

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Well, thank you, Mr. Chairman. I too am very pleased that you are holding this hearing, because I think there are so many people who are going to be stunned when February 17 comes and they are all of a sudden looking at a snowy screen. I think the efforts of the FCC as well as our committee to begin some program of education is going to be helpful.

I wanted to bring up a unique issue that affects the border states. I don't know if it affects the Canadian border states, but it does affect the Mexican-United States border. That is where the Mexican stations will continue to broadcast in analog and our digital transition would take place on February 17 and we could have a number of American stations at a severe disadvantage, if not a complete halt of their business, if we have not had either a very successful education effort or some kind of mitigation for the border area.

Many of our broadcasters are simulcasting. They have both digital and analog. But if we lose analog and the Mexican stations continue, I think it could be a financial hardship on our stations. So I hope that as we move along on trying to educate our consumers about the transition that we might address some extra help for these stations that are on the border with Mexico. And if it applies to Canada as well, that would certainly be warranted. But I know that some of my broadcasters in the border area are very, very concerned about this.

So I thank you for this and I hope that, working with the FCC, we can take every step to educate our consumers and begin the process of letting people know what is going to happen so they can prepare with their television sets.

The CHAIRMAN. Thank you.
Senator Pryor?

**STATEMENT OF HON. MARK PRYOR,
U.S. SENATOR FROM ARKANSAS**

Senator PRYOR. Thank you, Mr. Chairman. I don't have a statement other than to thank you, the two Co-Chairmen, if you will, for having this, and to say how much I appreciate it and it's important; and also to thank Commissioner Adelstein for coming to Little Rock several weeks ago to participate in a field hearing of the Commerce Committee. So thank you and welcome back to the Committee.

The CHAIRMAN. Thank you.

At today's hearing we have two panels. The first panel: the Assistant Secretary of Commerce, Communications, and Information, National Telecommunications Information Administration, the Honorable John Kneuer; and Commissioner of the Federal Communications Commission, the Honorable Jonathan Adelstein.

Secretary Kneuer?

**STATEMENT OF HON. JOHN M.R. KNEUR, ASSISTANT
SECRETARY FOR COMMUNICATIONS AND INFORMATION,
NATIONAL TELECOMMUNICATIONS AND INFORMATION
ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE**

Mr. KNEUR. Thank you, Chairman Inouye and Vice Chairman Stevens, members of the Committee. I'm pleased to be back before you and testify again. I'm also pleased to report that NTIA is making great strides in accomplishing the tasks laid out by the Congress in the Digital Television Transition and Public Safety Act.

As you know, the DTV Act required NTIA to establish and implement a program allowing eligible U.S. households to obtain up to two coupons of \$40 each that can be applied toward the purchase

of digital-to-analog converter boxes. When I last testified before this committee, NTIA's converter box program was in its early stages and members of this committee appropriately asked important questions about how the program would ultimately unfold.

Specifically, members wanted to know who would be responsible for issuing coupons to consumers, would manufacturers produce boxes to meet consumer demand, would enough retailers participate in the program so that boxes would be widely available, and, most significantly, how could we possibly educate the American public with the \$5 million made available for consumer outreach under the statute.

Today I am pleased to report that NTIA, in coordination with other government agencies and in collaboration with a broad array of market participants, service organizations, and consumer advocacy groups, has made enormous strides to ensure the converter box program is run effectively, that consumers will have widespread access to coupon-eligible converter boxes, that the television viewing public is well informed about the transition and their options, and that those members of our society with special needs get access to the assistance they need to continue to have access to over-the-air television.

On August 15, NTIA awarded a contract to IBM to manage three broad functional aspects of the coupon program: systems processing, financial processing, and consumer education and communications. Under the contract, IBM is leading a team of partners that includes corporate lodging consultants, which is responsible for retailer management, coupon redemption and payment; Epiq Systems, which is handling coupon distribution and consumer support; and Ketchum Inc., a global public relations firm that is leading the consumer education program. Each of these companies has extensive experience in its functional areas and has successfully implemented large, complex national programs.

NTIA is on schedule to meet its obligations under the act. Beginning January 1, 2008, and continuing through March 31, 2009, consumers will be able to request up to two \$40 coupons per household to purchase approved DTV converter boxes.

NTIA has adopted rules to provide guidance to converter box manufacturers regarding the submission of test results and sample equipment for evaluation and certification. Pursuant to NTIA's regulations, certified converter boxes will possess performance features based on industry-accepted DTV standards as well as FCC requirements for television products. The regulations require, for example, that NTIA-certified converters comply with the FCC's parental control, or V-Chip rules, emergency alert systems, and closed captioning requirements for the hearing impaired.

NTIA has certified digital-to-analog converter box models from multiple manufacturers and equipment from other vendors is currently being evaluated. I'm pleased with the number of manufacturers that have filed notices of intent to submit boxes for testing and I expect more boxes will be certified over the weeks leading up to the transition. A list of certified converter boxes, including make and model number, will be distributed to consumers with the coupon that they requested from NTIA.

We've also been working closely with retailers to ensure that consumers will be able to easily obtain converter boxes during the transition period. NTIA is actively working to make the program accessible and attractive to a full range of retailers in order to gain participation not only from large chains, but from regional outlets and small independent local stores as well. This month alone we will send approximately 25,000 letters to smaller retailers so they are informed of the program and how they can participate.

At our Public Meeting and Expo on September 25, RadioShack with 4,400 company-owned stores and 1,600 franchisees announced its intent to participate in the coupon program, and just this morning Best Buy made a similar announcement and commitment to or an intention to have coupon-eligible boxes in their stores by early 2008.

To maximize the value of the \$5 million in consumer education funds provided to NTIA, we've been working in partnership with Federal, State, and local government as well as community and social service organizations to leverage support from a diverse range of stakeholders. In particular, the industries most directly affected by the transition, the broadcast, cable, and consumer electronics industries, are actively informing their viewers, subscribers, and customers about the February 17, 2009, transition date and the variety of options that consumers have to respond to it.

Last month the National Cable & Telecommunications Association announced a \$200 million campaign to raise awareness and on Monday of this week the National Association of Broadcasters launched its marketing campaign valued at nearly \$700 million. The Consumer Electronics Association is also running radio spots and has developed consumer-friendly tools, including a video that helps consumers understand their options to make the transition.

Now, in addition to the broad public education campaign, NTIA recognizes that certain segments of our society are more directly impacted by the DTV transition and may be the least equipped to manage it on their own. Accordingly, NTIA has identified five target groups for particular consumer education efforts: seniors, the economically disadvantaged, rural residents, people with disabilities, and minorities. These groups depend on over-the-air television to a greater extent than does the general public and NTIA will carefully design and market test its consumer education materials to ensure that the materials are accessible to these targeted communities.

In addition, NTIA is working in partnership with trusted intermediaries for these groups in order to get the word out and provide help in obtaining and installing converter boxes. By educating those groups and service organizations that already reach and assist these targeted communities, we will maximize available resources to ensure that the DTV transition assistance gets to those who need it most.

Working together in a broad public-private partnership including NTIA, the FCC, more than a dozen Federal Government departments and agencies, market participants, and literally hundreds of nonprofit and service organizations, I am confident that we as a nation will conclude this transition smoothly, that consumers will

be well informed, and that financial and other assistance will be available to those who need it.

Thank you and I welcome any of your questions.

[The prepared statement of Mr. Kneuer follows:]

PREPARED STATEMENT OF HON. JOHN M.R. KNEUER, ASSISTANT SECRETARY FOR COMMUNICATIONS AND INFORMATION, NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Committee, thank you for this opportunity to testify before you today. I am pleased to report that the National Telecommunications and Information Administration (NTIA) is making great strides in accomplishing the tasks laid out by Congress in the Digital Television Transition and Public Safety Act of 2005 ("DTV Act" or "Act"). The Digital-to-Analog Converter Box Coupon Program has been established, consumer education efforts are increasing daily, and our collaboration with public and private sector organizations is expanding to ensure that all Americans will be prepared for the digital transition.

NTIA Continues to Make Significant Progress in Fulfilling the Requirements of the DTV Act

As you know, the DTV Act required NTIA to establish and implement a program allowing eligible U.S. households to obtain up to two coupons of \$40 each to be applied toward the purchase of digital-to-analog converter boxes that will convert digital broadcast signals for display on analog television sets. NTIA is on schedule to meet its obligations under the Act. Beginning January 1, 2008, and continuing through March 31, 2009, consumers will be able to request up to two \$40 coupons per household to purchase an approved DTV converter box.

The application process will be simple and straightforward, and will respect individual privacy. The coupon application asks for only the information necessary to fulfill the request, *i.e.*, the requestor's name, address, and the number of coupons requested. The only other question NTIA will ask is whether the household receives an over-the-air signal or subscribes to a pay service. Applications will be widely available. Consumers can request them online, over the phone, via fax, or through the mail. In addition, participating libraries will stock the applications, and library employees will help patrons fill them out.

While much work remains to be done, NTIA has nevertheless made great strides toward ensuring the success of the Coupon Program and with it, the success of the DTV transition. As detailed more fully below, we have awarded and are currently implementing a major contract for Coupon Program operational support. We have also built the infrastructure to ensure that technically-reliable, coupon-eligible converter boxes are available to consumers when coupon issuance begins. NTIA is also working in collaboration with our partners in the public and private sectors, and we have made great progress in planning and beginning to implement the campaign to educate consumers about the DTV transition and the Coupon Program.

A Strong Foundation for Program Support Has Been Established

To procure the expert assistance needed to administer the diverse operational elements associated with the Act's requirements, on August 15th, NTIA awarded a contract to IBM to manage three broad, functional aspects of the Coupon Program: (1) systems processing (*e.g.*, determining consumer eligibility, distributing and activating coupons, certifying retailers, and providing training materials); (2) financial processing (*e.g.*, administering the processes to authorize coupons for redemption and ensure payment to retailers, and performing independent auditing); and (3) consumer education and communications. Under the contract, IBM is leading a team of partners that includes Corporate Lodging Consultants, which is responsible for retailer management, coupon redemption and payment; Epiq Systems, which is handling coupon distribution and consumer support; and Ketchum, Inc., a global public relations firm that is leading the consumer education program. Each of these companies has extensive experience in its functional areas and has successfully implemented large and complex national programs.

The contract is performance-based. NTIA has specified Program requirements while allowing IBM to determine how best to achieve those outcomes. Payments are tied to IBM's satisfactory accomplishment of certain milestones. NTIA is working in close coordination with IBM's team to ensure that Program goals are met in a timely manner and according to agreed upon quality standards. The total contract amount is \$119,986,468, which includes \$84,990,343 for the initial phase and \$34,978,125 for a contingent phase provided for in the DTV Act.

NTIA and IBM are working diligently to ensure that the Program is operational and ready to accept consumers' applications for coupons on January 1, 2008. In addition, as discussed below, we are also working closely with broadcasters, consumer electronics manufacturers, retailers, and the Federal Communications Commission ("FCC" or "Commission") to ensure that consumers will have access to reliable converter boxes when coupons become available.

The Framework to Ensure Availability of Converter Boxes Is in Place

Testing and Certification

NTIA has adopted rules to provide guidance to converter box manufacturers regarding the submission of test results and sample equipment for evaluation and certification. Those rules require manufacturers to provide notice of their intention to provide converter boxes for review and certification. Upon receipt of such a notice, NTIA accepts test results from each manufacturer to evaluate whether the manufacturer's testing meets NTIA's specifications.

Pursuant to a Memorandum of Understanding between the agencies, the FCC is providing testing services to evaluate the converter boxes prior to their certification by NTIA. Once NTIA has determined that a manufacturer's own testing meets our specifications, the manufacturer submits a sample converter unit for independent testing by the FCC laboratory, which assesses the equipment against all twenty-four of the specifications in NTIA's Final Rule. This process is modeled on the recommendations of consumer electronics manufacturers along with broadcasters who want to make sure viewers have reliable television service using converters.

NTIA last month certified two digital-to-analog converter box models to be manufactured by Digital Stream Technology, Inc., and equipment from other vendors is presently being evaluated. I am pleased with the number of manufacturers that have filed Notices of Intent and test submissions, and I expect more boxes will be certified over the weeks leading up to the transition. A list of certified converter boxes, including make and model numbers, will be maintained by NTIA and will be distributed to participating retailers and available to consumers.

Pursuant to NTIA's regulations, certified converter boxes will possess performance features based on industry-accepted DTV standards as well as some of the FCC requirements for television products. The regulations require, for example, that NTIA-certified converters comply with the FCC's parental control or V-Chip rule, emergency alert system rule, and closed-captioning requirements for converters. NTIA's rules for the Program also permit (but do not require) converter boxes to include certain features that might improve converter performance in certain conditions or for certain segments of the audience (e.g., a "smart antenna" port to enable consumers to connect an electronically tuned antenna for better reception; "pass through" of the analog signals that television translator stations will continue to broadcast in rural areas; and inclusion of a patented BTSC audio feature that enhances audio and supports new services such as video description). Software downloads and compliance with ENERGY STAR® standards are also encouraged as permitted features.

Retailers

NTIA has also worked diligently with retailers to ensure that consumers will be able to easily obtain converter boxes during the transition period. At our Public Meeting and Expo on September 25, RadioShack—with 4,400 company-owned stores and 1,600 franchisees—announced that it intends to participate in the Coupon Program and that it will likely be ready to serve consumers on January 1st. In addition to stocking the converter boxes, RadioShack will train its sales associates on the transition and the Coupon Program, as well as engage in consumer education efforts both in stores and on its websites. As with manufacturers, I expect other retailers to follow RadioShack's lead and sign up to participate in the Coupon Program.

NTIA is actively working to make the Program accessible and attractive to a full range of retailers in order to gain participation not only from large chains, but from regional outlets and small, independent local stores as well. The Coupon Program will offer a choice of six different coupon redemption alternatives that will enable even the smallest retailers to participate. The options allow authorization and redemption to take place through existing credit card systems, online, or by phone. While some retailers have indicated that they would not be able to modify their sales systems or change inventory until after the end of the holiday season in mid-January, with the announcement by RadioShack, I am hopeful that other retailers will also find it in their interests to join the Program now, order inventory, and be ready to serve customers in early 2008.

Certifying retailers is an important step in preventing waste, fraud, and abuse in the Program. Accordingly, NTIA's contract with IBM requires IBM to monitor re-

tailer involvement in order to minimize waste, fraud, and abuse. IBM will provide NTIA with timely information about coupon distribution, redemption, and retailer payment activities to be able to detect anomalous consumer or retailer behavior and other “red flags” in the operations.

Consumer Education Initiatives Are Well Underway With Strong Support From Public and Private Sector Partners

General Education Efforts

As I have said before, the success of the transition will be judged by how smoothly and efficiently it occurs, which will depend to a critical extent on effective outreach to consumers. NTIA has begun its efforts to educate consumers about the transition well ahead of the January 1, 2008, start date for the Program.

To maximize the value of the \$5 million in consumer education funds provided for in the Act, NTIA has been working through partnerships to leverage support from a diverse range of stakeholders. In this regard, I would like to acknowledge the support NTIA has received from its many nonprofit, industry and government partners that have stepped up to the plate to help inform consumers about the digital transition.

In particular, the industries most directly affected by the transition—the broadcast, cable and consumer electronics industries—are actively informing their viewers, subscribers and customers about the February 17, 2009, transition date and the variety of options consumers have to respond to it. Last month, the National Cable & Telecommunications Association (NCTA) announced a \$200 million campaign to raise consumer awareness. On Monday, the National Association of Broadcasters (NAB) launched its marketing campaign. The Consumer Electronics Association (CEA) has also been running radio spots and has developed consumer-friendly tools, including a video that helps consumers understand their options to make the transition.

As reflected in the discussion of our partnerships that follows below, many other organizations are also contributing to the transition education effort in personnel time and other resources. Thus, this combined NCTA and NAB investment represents only a subset of the total private sector contribution going to support the DTV transition.

These industry leaders, as well as the Association of Public Television Stations (APTS), AARP, and the Leadership Conference on Civil Rights, among others, came together in February to launch the DTV Transition Coalition. NTIA has worked actively with the Coalition since its inception. Now over 160 members strong, the Coalition is working to ensure that no consumer is left without broadcast television due to a lack of information about the transition. The Coalition website (www.dtvtransition.org) includes a DTV Quiz to help consumers sort out whether they need to take any action before February 17, 2009, and, if so, the choices available to them.

NTIA Education Efforts

On September 25th, NTIA hosted a DTV Public Meeting and Expo to discuss progress in educating the public about the Coupon Program. The Public Meeting focused on NTIA’s partnerships in the digital transition and featured two CEO-level panels from the affected industries and leading stakeholders in the transition. The technology Expo included exhibits and demonstrations from over a dozen companies and organizations featuring products and services to enable consumers to make a smooth digital transition. Attendees had the opportunity to see first-hand that the sharper picture, multicasting, and basic channel guide available with digital television deliver a richer viewing experience to over-the-air broadcast consumers than they currently receive from analog service.

While some viewers will purchase new digital television sets to take advantage of these features, NTIA recognizes that many other consumers will want or need to keep their existing analog televisions and continue to receive free over-the-air broadcast programming. For this group, the Expo was their first opportunity to view the converter boxes, and the response was very positive. NTIA will continue to focus its consumer education efforts on households that rely on over-the-air television, to inform them about the government assistance available to defray the cost of digital-to-analog converter boxes.

Targeted Education Activities

As we reported to the Committee in July, NTIA has identified five target groups for particular consumer education efforts: (1) seniors; (2) the economically disadvantaged; (3) rural residents; (4) people with disabilities; and (5) minorities. These groups depend on over-the-air television to a greater extent than does the general

population, and NTIA will carefully design and market-test its consumer education materials to ensure that the materials are accessible to, and can be easily understood by, these target communities.

NTIA is working in partnership with trusted intermediaries for these groups in order to get the word out and to provide help in obtaining and installing converter boxes. In addition, as I mentioned, the global public relations firm Ketchum will develop and implement the consumer education program to drive awareness of the Coupon Program. Ketchum's recent work informing vulnerable communities about key Federal programs has given it deep experience working with many of our target populations.

Seniors

America's seniors make up a large percentage of consumers served by governmental, social service, commercial, and nonprofit organizations. NTIA is leveraging relationships with these organizations to reach the senior constituencies that they serve. For example, NTIA is in discussions with the Administration on Aging (AoA) of the U.S. Department of Health and Human Services (HHS) to capitalize on the agency's credibility and reputation for meeting the needs of seniors and their caregivers through a variety of home and community-based services. These discussions focus on a variety of activities to ensure that seniors, especially those with language barriers or located in remote or rural locations, know about and understand the Coupon Program. They also encompass various outreach strategies that include working in partnership with AoA's national aging services network, which reaches into every state, tribe and community in the United States.

For almost a year, NTIA has also been collaborating very closely with AARP. Last month, NTIA participated in the AARP Members Convention in Boston, and AARP is highlighting the Coupon Program in its publications and online newsletters, which reach millions of its members. NTIA is also working with Retirement Living TV, a cable channel dedicated to entertaining, educating and empowering seniors. Early next year, Retirement Living TV will begin its nationwide, mobile "Retired & Wired: RLTV Digital Tour" to educate seniors about their digital television options including the Coupon Program. In partnership with the American Library Association, NTIA is distributing posters and coupon applications to participating libraries and training librarians to help patrons, especially seniors, fill out coupon applications.

In addition to these groups, NTIA also has reached out to establish partnerships with other organizations including SeniorNet, an organization that supports about 200 senior learning centers across the country; the National Caucus and Center of Black Aged, Inc.; and the National Indian Council on Aging. At the end of October, NTIA will participate in the National Hispanic Council on Aging Conference and distribute Spanish-language materials about the transition. Finally, last month at our DTV Public Meeting and Expo, Best Buy and Family, Career and Community Leaders of America (FCCCLA) came together to announce a partnership in which students in 7,000 chapters across the country will be awarded prizes to develop creative ways to assist elderly and rural populations to apply for coupons. These voluntary efforts will likely proliferate as the transition date approaches.

The Economically Disadvantaged

NTIA is working with the HHS's Administration for Children and Families to reach over 900 community agencies serving low-income families to alert them about the Coupon Program. Other non-profit community and social service organizations, including Catholic Charities, the Salvation Army, and Community Action Partners are already working with the Internal Revenue Service (IRS) to inform their constituents about the IRS's Earned Income Tax Credit, and these organizations have agreed to allow NTIA to use their existing communications channels to distribute information about the Coupon Program. Finally, NTIA is also in discussions with U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) to include Coupon Program materials in communications that go to prospective Food Stamp recipients.

Rural Residents

NTIA will collaborate with the Appalachian Regional Commission to distribute information packets about the transition to 70 councils of government and local development districts representing 23 million people in 410 counties (42 percent rural). This month, NTIA will participate in the Rural Telecommunications Congress Conference in Springfield, Illinois and will conduct a workshop for rural community leaders so they can spread the word about the Coupon Program locally. NTIA has also reached out to the USDA's Cooperative State Research, Education, and Extension Service to distribute information to extension offices nationwide, and we are

in discussions with 4-H to enlist young people to volunteer in rural communities to assist people who may need this government assistance.

People with Disabilities

NTIA has been working with organizations such as the American Association of People with Disabilities (AAPD), Easter Seals, and the Northern Virginia Resource Center for Deaf and Hard of Hearing Persons (NVRC) to ensure the Program is accessible to Americans with disabilities. As noted above, NTIA's Program rules require that eligible converter boxes support closed-captioning services as mandated by FCC regulations. NTIA Program staff have met with a handful of disability groups, the FCC, and several converter box manufacturers to describe these closed captioning features and how to access them (either via a "cc" button on the remote control or via a menu feature). NTIA recently participated in the Telecommunications for the Deaf and Hard of Hearing conference in San Francisco on August 24, 2007.

To reach the home-bound and those with special needs, NTIA will continue to reach out to private and public organizations that provide home health care, meals on wheels, senior day care, and other elder care services. At the DTV Public Meeting and Expo last month, the U.S. Department of Veterans Affairs (VA) announced that it would work with NTIA to ensure that digital transition information and Coupon Program applications are available in 155 VA hospitals and its 1,000 clinics. In addition, the VA will inform its 240,000 employees, 1 million volunteers, and more than 1 million veterans not served by the VA about the transition and Coupon Program.

Minority Communities

NTIA continues to expand its outreach efforts into minority communities. The NAACP and the Rainbow Push Coalition are together planning an extensive outreach strategy to the African American community, and last week, NTIA participated on a panel at the Congressional Black Caucus Telecommunications Issues Forum, "Navigating the Digital Era."

As I noted earlier, NTIA will participate later this month in the National Hispanic Council on Aging Conference and will distribute Spanish language materials about the transition. Last month, NTIA participated in the United States Hispanic Chamber of Commerce's Annual Convention in San Juan, Puerto Rico, and informed Hispanic retailers about how they might participate in the Program and assist NTIA in raising awareness among their predominantly Hispanic customers. I applaud Univision for announcing on October 1 its national campaign to educate Hispanic viewers about the transition. Univision reaches 99 percent of Hispanic homes and will use both television and grassroots events and street fairs to educate Hispanics about the Coupon Program. Entravision Communications Corporation will also use its Spanish-language media assets, including TV and radio stations and outdoor billboards, to reach nearly 70 percent of Hispanics about the digital transition in 51 primary television station markets across the United States.

NTIA also has printed brochures and other information in five languages, in addition to English. Partnering with Panasonic and the Southeast Asia Resource Action Center, NTIA has translated Coupon Program information for distribution in Chinese, Korean, Vietnamese and Filipino communities. The Center will distribute information and will encourage the Cambodian-American, Laotian-American, and Vietnamese-American communities to use the Government's multilingual call center to apply for coupons. NTIA is pursuing partnership opportunities with Koahnic Broadcast Corporation to disseminate coupon information to Alaskan Native villages, as well as with Native Voice One to reach tribal reservations through radio communications.

Moreover, NTIA has extended this multi-lingual approach beyond its consumer education activities into the core of Program operations. Significantly, through an established partnership with the Language Line, the call center that will support the coupon application process will be staffed by permanent employees possessing fluency in 23 languages and depth-of-language in more than 70 other languages.

Government Partnerships

NTIA has reached out to over 14 Federal Government departments and agencies and is committed to leveraging the relationship these groups have with our target audiences to maximize the value of the Federal investment in this Program. As outlined above, we are already either actively collaborating or in discussions with the HHS, USDA, VA, and the IRS. Many of these contacts have resulted in clearly defined strategies to reach constituents served by these agencies. For example, NTIA is partnering with other government departments and agencies to use existing publications and electronic newsletters to insert coupon information in scheduled mail-

ings, link to the coupon application form from their websites, and place coupon application forms at local social service offices.

In addition to these partnerships, NTIA will also leverage our relationships with other governmental agencies to extend the reach of our message. In particular, we will work with agencies that target the five target populations discussed above. NTIA is presently in discussions with the Social Security Administration; the White House Office of Faith-Based and Community Initiatives; the General Services Administration; and several agencies within the Department of Commerce.

Finally, as noted above, NTIA is also working in cooperation with the FCC to implement significant measures to increase awareness among the general public about the DTV transition and the Coupon Program. Both the *www.DTV.gov* webpage and NTIA's website, *www.ntia.doc.gov/otiahome/dtv/index.html*, provide significant information about all aspects of the transition. To assist consumers who do not have Internet access, who are hearing impaired, or who simply prefer to receive information about the Coupon Program over the telephone, NTIA has also established a toll free number, 1-888-DTV-2009.

I encourage the Members of this Committee, and all of Congress, to help us in this important effort by linking your own websites to these consumer education materials. Moreover, NTIA has also distributed copies of Coupon Program brochures—in both English and Spanish—to every member of the House and Senate. We have distributed these materials widely to community organizations, constituency groups, and industry stakeholders. We hope they will assist you in keeping your own constituents informed about the transition and the Coupon Program.

Conclusion

NTIA recognizes the risks and potential pitfalls associated with a consumer education campaign of this magnitude; but the solution is not the establishment of a single digital transition authority or single, government-mandated message. Broadcasters, cable and satellite service providers, consumer electronics manufacturers and retailers, and consumer advocates have as important a role to play in educating consumers as any government agency does, and as great an incentive to become involved. A multiplicity of messages and sources of information is critical to a well-informed consuming public. The stakeholders in the transition are in the forefront of the education effort through their individual commitments as well as collaborations like the Digital TV Transition Coalition.

In conclusion, I want to thank the Committee for the opportunity to testify before you again today. I will be happy to answer your questions.

The CHAIRMAN. Thank you very much.
Mr. Commissioner?

STATEMENT OF HON. JONATHAN S. ADELSTEIN, COMMISSIONER, FEDERAL COMMUNICATIONS COMMISSION

Commissioner ADELSTEIN. Thank you, Mr. Chairman, Mr. Vice Chairman, Senator Hutchison, Senator McCaskill, Senator Pryor. Senator Pryor, thank you for inviting me down to Arkansas. It was a pleasure to be down there. I hadn't been there since the days I worked for your father many years ago. He was one of my favorite people in the world, so it was an honor to be back dealing with rural broadband issues.

We have less than 500 days left before full power stations cease analog broadcasting. There's a huge amount of work, coordination, public education, and assistance ahead of us to make sure the transition works for millions of consumers. GAO recently testified that no one appears to be in charge of the transition. Because nobody's in charge, there is no strategic plan, there is no established structure to coordinate the national DTV transition. Nobody's ultimately responsible for vetting, prioritizing, and implementing ideas from both the public and private sectors into a comprehensive and coherent plan. We're sending out weak signals so the public isn't getting a clear picture.

Only government can play the role of referee to coordinate industry representatives, with sometimes conflicting priorities, so they send a clear message. Government can encourage a message that serves all consumers and is not skewed by self-interest.

I hear from many perspectives that our government agencies themselves aren't coordinated. Our FCC staff performs well whenever they're given proper guidance. As GAO testified, the FCC remains the best-positioned agency to lead the effort. While the FCC staff is working hard, despite some recent improvements, the Commission's overall DTV effort is not a model of effectiveness.

Congressional interest and public scrutiny in recent months have rightly forced the FCC to expand its overall outreach, enforcement, and technical efforts, but much more is needed. Poor long-term planning and continued lack of a Federal and internal FCC coordination plan have left us in the unfortunate position of playing catch-up. Rather than being proactive and anticipating problems and concerns and developing an effective plan and strategy, we've been reactive.

For instance, this Commission waited 17 months after Congress and this committee enacted the DTV deadline before even seeking comment on rules to educate the public. We did so then only under significant pressure from Congress. Fortunately, the Commission yesterday received the proposed final rules for our consideration and they will greatly expand our role.

While some have argued that there is no need for a coordinated message, I strongly disagree. Allowing each party to follow its own self-interest will lead to public confusion. Industry wants to work with us and has shared many thoughtful ideas and has made major commitments. They're backing these efforts with big money, which will dwarf all other messages that the Federal Government might attempt. So the government better get much more involved in helping to coordinate those campaigns.

Yes, more resources are needed to expand the scope of our governmental efforts. But it's not solely a matter of funding. It's primarily a matter of leadership. Here are some steps we need to take immediately to get on the right path:

First, as you indicated, Mr. Chairman, it's long overdue for the FCC, NTIA, and other relevant Federal agencies to develop a Federal DTV task force. It's needed to clarify the message and develop benchmarks and a time line. The private sector established a coordinating mechanism. We should do the same for the Federal Government. We did it for Y2K and we need to do it for DTV.

Beyond coordinating governmental efforts at all levels as well as our own internal efforts, the task force can convene joint meetings with the private sector coalition to ensure a coherent, consistent message across all channels. And it can help to coordinate the many public-private assistance efforts needed for at-risk communities like the distant villages in Alaska that you talked about, Senator Stevens. A task force could work with other Federal agencies to integrate DTV educational information into many points of contact with consumers.

And we should establish a single toll-free national DTV call center. There's no need for two when it's a lot simpler for consumers and the government to have one.

We need to work with all levels of government and the private sector to establish a grassroots information and technical assistance campaign. The government can't do this by itself, but it needs to work with the private sector to make this happen, people that are actually on the ground ready to help.

We should target communities with the highest concentration of the most vulnerable over-the-air viewers. These include the elderly, those with fixed or low incomes, people with disabilities, people of color, including non-English speakers, rural residents, and tribal communities.

It needs to establish time lines for training and outreach so that people who need help get help. The Commission still has a lot of technical work left to help broadcasters continue to serve over-the-air viewers throughout the transition. Only 41 percent of full power TV stations are fully in position to broadcast digital only. To help them, we need to quickly complete the third DTV periodic review. Border issues, such as the one in Texas that you referred to, Senator Hutchison, should be included and addressed as part of that effort and done, I think, sooner rather than later.

There is very little time left, but there is enough time if we increase the level of coordination and resources dedicated to this. The ongoing leadership of this committee, including this hearing today, is extremely helpful in focusing our efforts.

Thank you for holding this critical hearing. I think we're going to need many more like it to make the DTV transition a success for the American people. Thank you for inviting me to testify.

[The prepared statement of Commissioner Adelstein follows:]

PREPARED STATEMENT OF HON. JONATHAN S. ADELSTEIN, COMMISSIONER,
FEDERAL COMMUNICATIONS COMMISSION

Mr. Chairman, Mr. Vice Chairman, and Members of the Committee, thank you for inviting me to appear before you to discuss the transition from analog to digital broadcast television (DTV). With less than 500 days before February 17, 2009—the day Congress has required full-power stations to cease analog transmission and to broadcast exclusively in digital—there is plenty of remaining work, coordination, and public education and assistance to ensure a smooth and seamless transition. I will provide a frank assessment of our national level of preparedness from the perspective of a principal Federal agency involved in the DTV transition.

As a member of the Federal Communications Commission (FCC), I can attest that the FCC staff possesses and has demonstrated the requisite talent, skills and expertise to help guide this Nation through the rough patches of the DTV transition. While the Government Accountability Office (GAO) recently testified that no one appears to be in charge of the transition, and I believe that remains the case, the FCC's Media, Enforcement, and Consumer and Governmental Affairs Bureaus have performed admirably whenever they have been provided the proper guidance. As GAO testified, the FCC remains the best positioned agency to lead the effort.

Last month, I testified before Chairman Kohl and the Senate Special Committee on Aging about the need for the Federal Government to establish a coherent, coordinated plan to ensure that millions of elderly Americans are not left out during the DTV transition. I raised concerns about the adequacy of the Commission's DTV outreach and education efforts. Chairman Kohl has introduced legislation responsive to the issues raised at the hearing.

Since then, the FCC staff has been hard at work. The Consumer and Governmental Affairs Bureau (CGB), our outreach and consumer education specialist, hosted a well-attended consumer workshop last month, and plans to host additional workshops and special awareness sessions that will focus on high-risk communities, such as seniors, people of color, non-English speakers, people with disabilities, and those living in rural and low-income areas. CGB is also planning media activities, including increased outreach to the Latino community and to tech-savvy school chil-

dren who can educate their parents and grandparents. Our field staff has engaged in extensive outreach to senior citizens across the country.

In addition to this outreach, the FCC's Enforcement Bureau has been aggressively enforcing our requirement that all TV receivers with an analog-only tuner must be labeled in retail stores. To date, FCC field agents have performed approximately 1,275 inspections, and the Bureau has issued 278 citations and dozens of Notices of Apparent Liability. The Media Bureau continues to work on the technical aspects of the actual transition. The Commission recently took steps to ensure cable subscribers are not disenfranchised after the transition. The Bureau is currently working on recommending similar steps to protect over-the-air viewers—some of the most vulnerable members of society—during and after the transition.

Congressional interest and public scrutiny in recent months have indeed prompted the FCC to expand its overall outreach, enforcement and technical efforts, but more improvements are needed. Notwithstanding FCC staff's efforts, and despite some recent improvements, the Commission's overall DTV effort is not a model of effectiveness.

The Commission's poor long-term planning and the continued lack of a national, Federal and internal FCC coordination plan have left us in the unfortunate position of playing catch-up. Rather than being proactive—anticipating problems and concerns, and developing an effective strategy—Commission action has been noticeably reactive. For instance, while Congress and particularly this Committee worked hard to get the DTV transition deadline date passed and then signed into law by the President on February 8, 2006, the Commission waited 17 months before it even sought comment on the need for rules to educate the public about the transition. The Commission finally proposed consumer education rules for the broadcast, cable and consumer electronics industries only after several Members of Congress inquired and strongly encouraged us to do so.¹ Fortunately, the full Commission yesterday received proposed final rules for our consideration that will greatly expand our role. So while 17 months of inaction are behind us, we now need to address the problem by planning adequately for the 16 months left in the transition. I will continue to work diligently with this Committee and all of my colleagues to ensure that we use the remaining 489 days effectively.

An example of the Commission's lack of planning and coordination is illustrated in its failure to inform the public that not *all* analog broadcast transmission actually ceases on February 17, 2009. For millions of Americans, particularly over-the-air Spanish-speaking viewers and many rural residents, who rely on the over 4,700 low-power, Class A and translator television stations in the U.S., analog broadcasting will continue. In many urban and rural cities, popular Spanish language networks like Telemundo and Azteca, and quality stations that often are a main source for critical local news and information, are not required to convert their facilities to digital by the deadline.

Recently, the Community Broadcasters Association (CBA) brought this fact to the attention of the FCC's outreach and consumer education specialists. CBA expressed concern that "publicity about the digital television transaction will be misleading if it suggests that no over-the-air analog television service will be available" after the deadline for full-power stations.

In response to this concern, the FCC hastily issued a consumer advisory on its website to inform the public about this forgotten, but important, aspect of the DTV transition.

Some of the information about the transition has in fact been inaccurate. Even the FCC's own public materials have declared that "everything you see will be DTV," and "last day of analog broadcasting," or "analog broadcasting ends February 17, 2009." As the expert agency, we must find a way to better convey some of the important nuances of the transition. Of course, with only 16 months left, this task becomes extremely difficult.

Some of the industry's information has been imperfect as well. For example, I shared Senator Claire McCaskill's concerns about the cable industry's first round of DTV ads, which were more akin to commercials for cable service rather than public service announcements (PSAs). Also, an ongoing field study by U.S. Public Interest

¹ See Letter from The Honorable John D. Dingell, Chairman, Committee on Energy and Commerce; and The Honorable Edward J. Markey, Chairman, Subcommittee on Telecommunications and the Internet, U.S. House of Representatives, dated May 24, 2007; The Honorable Herb Kohl, Chairman, Special Committee on Aging, U.S. Senate, dated May 25, 2007; and The Honorable Gordon H. Smith and Mark L. Pryor, U.S. Senate, dated July 13, 2007. *See also* Speech of Jonathan S. Adelstein, Commissioner, FCC, "I Want My DTV: Building a National DTV Consumer Education Campaign," CEA Entertainment Technology Policy Summit, Washington, D.C., dated March 15, 2006.

Research Group is finding that some consumer electronics retailers are misleading consumers.

While some have argued that there is not a need for a coordinated, coherent message and that perhaps an uncoordinated, dissimilar message from each affected industry is a better approach, I strongly disagree. Applying that reasoning to low-power, Class A and translator stations, it would be perfectly appropriate for community broadcasters to embark on a consumer education campaign that informs viewers that the DTV transition will not result in the end of analog broadcasting and they can continue to watch their channels. Such a message would be accurate, but it would conflict with the broader DTV transition message. Similarly, cable operators could simply encourage their subscribers to rent a set-top box for every TV set in the household. Consumer electronics retailers could encourage consumers to purchase HDTV sets. And broadcasters would simply inform their consumers they no longer need subscription services once quality digital broadcasting arrives. Such disparate, uncoordinated messages would be ingredients for a disaster. I am pleased that these industries have not taken that approach and have behaved much more responsibly. But, as industry representatives have told me repeatedly, more guidance, coordination and leadership from the Federal Government, and particularly the FCC, would be helpful.

In my own outreach, I have found the broadcasters, cable operators, and consumer electronics manufacturers and retailers eager to develop a meaningful partnership with the Federal Government. For instance, after my criticism of the cable industry's first round of PSAs, the industry sought my guidance in developing future PSAs. The cable industry was receptive to all of my suggestions, including a technical correction. But rather than the ad hoc approach of individual commissioners reviewing scripts, it would have been preferable for an FCC DTV education specialist to work with each industry as they are developing PSAs based on a clear message vetted by the Commission and other agencies involved. To my knowledge, the Commission has not even asked to look at them. I am not suggesting we dictate the message verbatim, but rather that we offer suggestions to help coordinate it. Our industry partners are very receptive to such a cooperative approach.

Since a hard deadline has been enacted into law, I have not found an unwillingness to coordinate or a lack of informed and thoughtful ideas about how to reach and educate the American people. Rather, there has been a remarkable lack of leadership and coordination.

Specifically, there is no structure established that is responsible for coordinating the national DTV transition effort and for vetting, prioritizing and implementing ideas from both the public and private sectors into a comprehensive, coherent and coordinated plan. Only the government can play the role of referee to ensure that industry representatives with sometimes conflicting priorities are coordinated to send a clear message that serves all consumers and is not skewed by self-interests.

More resources are needed to expand the scope and depth of our efforts, but it is not solely a matter of funding to raise the awareness of Americans, particularly at-risk groups such as the elderly, low-income families, rural residents, people with disabilities, minority groups and non-English speakers. First, it is a matter of coordination and prioritization. Then, it is a matter of implementation.

In terms of actually helping at-risk consumers adapt to the new technology, we have not even begun to plan properly for the scope of the issues we will confront. For example, millions of seniors and Americans with disabilities will need specific help in obtaining and installing converter boxes. While volunteer efforts are now being contemplated, it will require enormous coordination and government involvement by, for example, Area Agencies on Aging who interact on a daily basis with seniors. But without training, resources and coordination, those efforts will be overwhelmed by the demands. The time for planning is now, not right before disaster strikes.

It is my firm belief that we need a national DTV outreach, education and implementation plan that coordinates the efforts and messages of all stakeholders. Here are some next steps that I believe we need to take, immediately, to get on the path of reaching and educating people in the more than 111 million U.S. television households.

Create Federal DTV Transition Task Force. It is long overdue for the FCC, NTIA and other relevant Federal agencies to formalize their relationship and develop a Federal DTV Transition Task Force with representation from the leadership of each agency. This multi-agency task force would develop benchmarks and a timeline to achieve nationwide awareness of the DTV transition. It would be accountable to Congress. The private sector has established a coordinating mechanism through the DTV Transition Coalition, and it is high time we do the same for the Federal Government.

The task force would need staff. The FCC, for example, should detail staff to the task force from CGB, the Media, Enforcement, and Public Safety and Homeland Security Bureaus, and the Offices of General Counsel and Engineering and Technology. With dedicated staff from different agencies, the task force would also serve as the clearinghouse for all things related to the DTV transition national campaign and for coordinating this network of networks. The aging and disabilities communities, for example, would have access to financial and human resources to assist these at-risk groups in making the transition. The task force would be able to coordinate with public and private partners, leverage existing resources and develop a single unified Federal message, *i.e.*, develop and use common terminology to describe the digital-to-analog converter box program and other DTV technology. In addition to coordinating government efforts at all levels—including state, regional, local, and tribal governments—the task force can convene joint meetings with the private sector DTV Transition Coalition to ensure a coherent, consistent message across all channels. And it can help coordinate the many public-private assistance efforts needed for at-risk communities.

Maximize Existing Federal Resources. Once a unified Federal message has been developed, the task force could then work with other Federal agency components, such as the Administration on Aging (AoA), the Social Security Administration, Departments of Agriculture, Labor, Education, and Health and Human Services, the Bureau of Indian Affairs, the U.S. Postal Service and AmeriCorps, to integrate DTV educational information into many points of contact with consumers. Relevant Federal agency websites and correspondence to citizens' homes, such as Social Security mailers and Meals on Wheels deliveries, are golden opportunities to educate and inform consumers about different aspects of the DTV transition, including the converter box program and the analog cut-off date.

Establish a National DTV Call Center and Hotline. We should establish a National DTV Call Center with a multi-lingual staff and a national toll-free number that is easy to remember, accessible to persons with disabilities, and unassociated with the ongoing, non-DTV operations of the FCC. NTIA's toll-free number is a standard recording, and some have complained the wait for the FCC's general customer helpline is much too long, as it covers many other issues, and consequently it is not as useful as it could be. There is no reason for two separate toll-free numbers for DTV information when it is easier to promote and staff one. Consumer outreach specialists should be able to develop a more succinct and consumer-friendly message. The call center could also be the point of contact for households in need of local assistance to obtain or install converter boxes. We can help state, local, and tribal governments connect seniors to community-based service providers. This is especially important to seniors, a disproportionate number of whom do not have access to the Internet or know how to reach our website.

Launch a Targeted Grassroots Information and Technical Assistance Campaign. The task force, working with state, local and tribal governments, the DTV Transition Coalition partners, and community-based service providers, could target communities with the highest concentration of over-the-air viewers, including senior citizens, low-income, non-English speaking, rural populations and tribal communities. It can launch a coordinated grassroots campaign, which would include posting signs in supermarkets, retail stores, churches, social service organizations, all modes of public transportation and other public places. Many at-risk citizens will need help acquiring and hooking up their converter boxes, and it remains entirely unclear who is going to help them. If it is to be done through volunteers, it will take a vast effort to vet and train them. No Federal agency currently has the mandate or resources to help people who can't themselves hook up the boxes to their TV sets. For example, while the FCC, the AoA and its allied aging network—which includes state and local agencies, as well as community based service providers like Meals on Wheels—have been in very early discussion about various grassroots efforts, no plan is in place. People with disabilities experience great difficulty accessing closed captions and video descriptions. A technical assistance program must be established soon, with timelines for training and outreach to ensure people who need help can get it.

While these steps may require some additional funding from Congress or a reallocation of funds already appropriated to the FCC, first and foremost, dedicated leadership and focus are required from the FCC—the expert agency primarily responsible for the DTV transition.

Establish Needed Guidance for Broadcasters Soon. In addition to these outreach and education initiatives, the Commission must take steps to ensure that over-the-air viewers are not disenfranchised during or after the DTV transition, and that all full-power stations are prepared to cease analog transmission and to operate in digital by the end of the transition on February 17, 2009. Accordingly, I believe the

Commission needs to: (1) complete the Third DTV Periodic Review as quickly as possible; and (2) prepare a report to Congress on the status of the DTV transition on February 17, 2008—one year before the hard deadline.

Because the law does not provide for any waivers or extension of time, February 17th, 2009 is indeed the last day that full-power broadcast stations will be allowed to transmit in analog. There are a total of 1,812 stations that will be serving the American people after the transition but, to date, only 750 are considered to have fully completed construction of their digital facilities and are capable to broadcast in digital only in the final position from which they will broadcast. The remaining stations vary in levels of transition preparedness. Some stations need to construct their transmission facilities, change their antenna or tower location, or modify their transmission power or antenna height, while others may have to coordinate with other stations or resolve international coordination issues.

In the Third DTV Periodic Review, the Commission is contemplating rules to govern when stations may reduce or cease operation on their analog channel and begin operation on their digital channel during the DTV transition. The Commission also sought comment on how to ensure that broadcasters will complete construction of digital facilities in a timely and efficient manner that will reach viewers throughout their authorized service areas. These and other important questions, such as the deadlines by which stations must construct and operate their DTV channels or lose interference protection, must be answered as soon as possible. Broadcasters need to know the rules as they invest billions into this transition. We have lost valuable time focused on other more tangential aspects of the transition while not moving forward on clarifying urgent demands on broadcasters to get a huge job done in short order.

The Third DTV Periodic Review also proposed every full-power broadcaster would file a form with the Commission that details the station's current status and future plans to meet the DTV transition deadline. While each individual form would be posted on the Commission's website, I believe it is just as important for the Commission, Congress and the public to get a comprehensive sense of where each full-power broadcast station is 12 month before the end of the transition. A report to Congress *1 year* before the transition ends will provide both the broadcaster and the FCC sufficient time for any mid-course correction.

There is little time left, but I believe it is enough time to succeed in establishing a smooth transition if we increase the level of coordination and resources dedicated to this undertaking. The ongoing leadership of this Committee, including this hearing today, is extremely helpful in focusing our efforts. Thank you for holding this critical hearing, and I look forward to working with you to make the DTV transition successful for the American people.

The CHAIRMAN. There are less than 500 days left until the DTV transition. Do you agree with the GAO who says, who's in charge? Who is in charge? No one?

Commissioner ADELSTEIN. That's what the GAO testified. We are all doing our own work and there are some discussions among us, but there is no single entity in charge. Just as significant, GAO testified again this morning that there is no plan. How can there be a plan if nobody is in charge? Who is going to put together a plan that involves so many different Federal agencies? It is not just the FCC and NTIA, but literally dozens of different agencies that could be involved.

The CHAIRMAN. You're a member of a very important Commission in this position. Who do you believe should be in charge?

Commissioner ADELSTEIN. Again, I will defer to the GAO, who testified that they felt that the FCC was best positioned to lead the effort, although I think NTIA has a critical role, particularly a role given to them explicitly by Congress in terms of the converter box program, which we of course have no authority to oversee. But to coordinate and to have one body coordinating, I think it makes the most sense for it to be the FCC.

The CHAIRMAN. Is this a situation where if you don't want it, someone else should do it?

Commissioner ADELSTEIN. Well, I do not know if that is the case so much as we haven't thought about it enough or planned on it enough and we are not really stepping up to the plate in terms of the leadership. I do not know if people are passing the buck. Obviously the FCC is extremely busy with a number of very important priorities for broadband for this country and many other critical issues, and perhaps that's part of it, that we are just overwhelmed. But an issue of this importance I think really demands that we step up to the plate and do what we need to do, and if we need to ask for resources from Congress we need to do that.

The CHAIRMAN. NTIA, Mr. Kneuer, do you agree?

Mr. KNEUER. I think coordination amongst public and private actors, amongst the market participants, amongst the various Federal entities that have responsibilities for this program, is very, very important. I also think that it's ongoing to a very large extent. We work closely with the FCC. NTIA and the FCC have a Memorandum of Understanding for certification of set top boxes. We leverage the resources of their laboratories. We're working with more than a dozen other Federal agencies that have service responsibilities, whether it's the Veterans Affairs or the Administration on Aging and others, identifying the resources that they have to bring to bear to help in that regard.

We're working closely with the industry. I think Commissioner Adelstein talked about how the private sector has their own coordinating body. We're a member of that coordinating body and have been since its inception. The FCC is a member of that body.

So I think there is a great deal of coordination that is currently going on. Different market participants, different Federal agencies, have different responsibilities, have different capabilities, have different resources to bring to bear on this problem. I am always open to and welcome collaboration that will be productive. But I think to a very large extent the functional equivalent of a DTV task force currently exists.

The CHAIRMAN. You have coordination, but do you believe someone should be in charge?

Mr. KNEUER. I'm not so sure that it's necessary for a single entity to be in charge of directing the resources of these various constituencies and agencies. It is very, very important that we all understand what each of us are doing, the resources that we're each bringing to bear and coordinating those resources effectively. I think there is a potential down side to having a single entity in charge per se because I think resources that may be put into the community, into the marketplace, may not go for fear of getting in the way or waiting for approval from some entity that is in charge.

But certainly coordination amongst all these different entities and these different institutions that have resources and have responsibilities and have an interest is very important and we're engaging in that kind of coordination every day.

The CHAIRMAN. Don't you agree that coordination may take a lot of time and some time will come when you have to decide whether to go left or right? Do you coordinate that?

Mr. KNEUER. I think we spend a lot of time in coordination and I think it is an efficient and an effective use of our time to coordinate. By coordinating with the market participants that are invest-

ing the better part of a billion dollars in consumer education, we get to maximize and leverage the \$5 million that we have. That's a huge force multiplier of the resources that the statute provided to us. So it is in our interest and certainly a good use of our time to coordinate with those parties that are making these large financial commitments.

Coordinating with the other Federal agencies that have service responsibilities, whether it's the Veterans Affairs or others, who have networks of hundreds of thousands, if not millions, of volunteers who serve these constituencies, gives our efforts an enormous lift and benefits everyone by taking the message and delivering it to those constituencies that they serve.

So there are lots of incentives for us to coordinate and I think we've had successful examples of that coordination.

The CHAIRMAN. Mr. Adelstein, are you satisfied?

Commissioner ADELSTEIN. Well, during the Y2K effort there was an enormous interagency effort that was undertaken. Over a 2-year period there were extensive meetings every 2 weeks at the Old Executive Office Building, with all the different Federal agencies involved. The result was that we didn't hear a lot about it. There was not a disaster.

If we don't do that here, we may have a real disaster in February 2009. The good news would be if we don't have that. I mean, nationally, the private and public sector are coordinating. We joined fairly recently that coordinating body the private sector set up and we just monitor. We're not involved.

There are issues among Federal, State, and local agencies that aren't resolved. Even within the FCC, we eliminated our own DTV task force. Of all the times to eliminate a task force that we had internally to try to coordinate among our many different bureaus that have many different responsibilities—we have a lot of technical issues, but a lot of outreach issues also that aren't being coordinated.

The message, like in an advertising campaign, needs to be consistent, and needs to be coherent. There are different targeted messages for individual audiences, but if you ask today what's the national message, I don't think we could tell you what it is right now. That's because we haven't spent the time to make sure that it is coordinated with industry.

Now, if industry's going to spend hundreds of millions, almost a billion, dollars to get the message out, isn't it important that we help to coordinate? We don't have to dictate to them or they don't have to wait for us, but maybe they should run a script by us, for example. I had a script run by me by the cable industry. There was a technical error in it and they fixed it. But why I am, an individual commissioner, the one doing this? I mean, it should be done on a more systematic basis, on an organized basis.

The GAO itself is extremely concerned with the lack of a plan and the lack of effective coordinated leadership.

The CHAIRMAN. Thank you.

Senator Stevens?

Senator STEVENS. Don't you agree, Congress created this problem, right? We set the date, so I sort of think it's our responsibility

to find some way to coordinate. What is wrong with the basic structure of the Y2K system, Mr. Kneuer?

Mr. KNEUER. I think the only thing that's different between—and I didn't participate and wasn't a member of the Federal interagency working group in response to Y2K. My understanding is that the Y2K task force was established by an Executive Order. Everything we're doing collectively within the Federal Government are the kinds of things that we would do in response to an Executive Order. So while there is not a piece of paper that says, we hereby create an interagency task force, there is in fact interagency collaboration and coordination at very high levels.

We have an Assistant Secretary from the Veterans Affairs participating in our program. I've spoken with the Assistant Secretary of the Administration on Aging. We've got other Federal agencies that have service missions to various constituencies and communities and we're working closely with them to identify the resources that they have that can be brought to bear on this. We work closely with the FCC and the FCC staff.

Significantly, it goes beyond just the Federal Government agencies and departments and offices. We're working very closely with the industry market participants, whether it's the broadcasters or cable or the consumer electronics, as well as literally hundreds of nonprofit organizations and community organizations that are bringing their resources to bear. We had an announcement at the Commerce Department that Best Buy has coordinated with a group called the Families, Careers, Communities Leaders of America. It is a youth group that has 220,000 members in 7,000 communities around the country. They're partnering with a market participant, Best Buy, to develop educational materials that fit those communities.

We don't have a single national message and I'm not sure that we should have a single national message.

Senator STEVENS. Well, respectfully, I don't have too much time. Respectfully, it does seem to me that what I'm looking at is everyone in the organized areas, the real places of high density of population, are going to have their mailboxes stuffed full of directions how to take care of this transition, and those of us who live out in the rural areas are going to be begging someone to tell us what the hell's going on. Pardon that phrase.

But I do believe that it's time that we took a hold of it, and I think those of us on this committee ought to just draft a joint resolution and say we're going to create one, create some way to bring this all together and not have the money that's available spent in a redundant fashion, to make sure that what the consumer is getting is correct and true and can be followed through by the people in industry who are going to carry it out.

I'm afraid that what's going to come out of all this coordination we've got is that people here in town are going to say how it should be done, but they're going to rely on the private sector to do it, but there may not be a meeting of the minds as to the instructions they're getting. I think there ought to be participation of the private sector, there ought to be participation of government, and there certainly ought to be participation by the consumer groups to start with, what the directions are.

It shouldn't take too long to work that out. The problem is it all happens right at once. If this was a series of changes that took place around the country, it wouldn't be even near a Y2K situation. But since it all happens on 1 day, it has to be done by 1 day, I think that really is going to cause the problem.

So I hope that we can get together and have our staffs draw up something to just say, this is the way it's going to be done. Now, if the President wants to issue an Executive Order to do that, be our guest. I'm not sure that it's the kind of thing that ought to be taken on by the Executive Branch, however, because it's carrying out a direction of Congress. We initiated this and I think we ought to provide the basis for coordination.

Thank you, Mr. Chairman—wait, let me ask one other. What do each one of you think is the real obstacle ahead of us? What is the real problem in terms of the overall transition?

Mr. KNEUER. I think until very recently my biggest concerns were making sure that we had a well-educated public. But I think with the commitments that have been made, we will have a well-informed public and a well-informed public will make informed decisions about how best to affect the transition.

Other than that, the real concern is getting to some of these targeted groups, making sure that we've got the messages and programs that are targeted to rural communities, to people with disabilities, to people for whom English is a second language or non-English speakers. But that's where I think our coordination efforts with various Federal agencies that provide services to those communities and the nonprofits and community organizations are very important.

Senator STEVENS. Thank you.

Mr. Adelstein?

Commissioner ADELSTEIN. I think we need to educate the public. John is exactly right. And how are we going to do that? There are so many different messages out there that it is not clear. A lot of people do not need any help at all and other people need an enormous amount of help. We need to target those communities that need the help the most. But we can't just tell them there is a problem. We need to help them actually do it. It's an enormous undertaking. I think it's underestimating how much effort it will take.

If somebody is a Native Alaskan and they're in some remote village and they have an analog TV, who's going to help them hook it up if they don't know how to hook it up? Is it going to be a volunteer and how is it going to be determined who the volunteer is, that they're cleared to go into that house, that they're properly trained? And there is no Wal-Mart there, so where are they going to get it? They can't get it over the Internet because they don't have an Internet hookup. I mean, there are so many difficult questions.

Senator STEVENS. We do have the Internet. We have more Internet than you think.

Commissioner ADELSTEIN. Oh, but I'm talking about an older person who doesn't know how to use computers, that isn't computer literate. The people that are the most difficult to reach are those who aren't technically savvy, that don't have access to that. They could have it, but they probably don't because of either their income or their age. So those are the folks we have to worry about.

Right now I don't think there is a coherent plan to get the message out to them, nor to implement a plan. So we have a lot of work to do to get that up to speed.

Senator STEVENS. I've used my time. Mr. Chairman, I'd like to put in the record the Executive Order that Mr. Kneuer talked about so everybody can see it.

The CHAIRMAN. Without objection, so ordered.

[The material previously referred to follows:]

EXECUTIVE ORDER 13073

Effective Date: February 04, 1998

The American people expect reliable service from their Government and deserve the confidence that critical government functions dependent on electronic systems will be performed accurately and in a timely manner. Because of a design feature in many electronic systems, a large number of activities in the public and private sectors could be at risk beginning in the year 2000. Some computer systems and other electronic devices will misinterpret the year "00" as 1900, rather than 2000. Unless appropriate action is taken, this flaw, known as the "Y2K problem," can cause systems that support those functions to compute erroneously or simply not run. Minimizing the Y2K problem will require a major technological and managerial effort, and it is critical that the U.S. Government do its part in addressing this challenge.

Accordingly, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy. (a) It shall be the policy of the Executive Branch that agencies shall:

- (1) assure that no critical Federal program experiences disruption because of the Y2K problem;
- (2) assist and cooperate with State, local, and tribal governments to address the Y2K problem where those governments depend on Federal information or information technology or the Federal Government is dependent on those governments to perform critical missions;
- (3) cooperate with the private sector operator of critical national and local systems, including the banking and financial systems, the telecommunications systems, the public health system, the transportation system, and the electric power generation system, in addressing the Y2K problem; and
- (4) communicate with their foreign counterparts to raise awareness of and generate cooperative international arrangements to address the Y2K problem.

(b) As used in this order, "agency" and "agencies" refer to Federal agencies that are not in the judicial or legislative branches.

Sec. 2. Year 2000 Conversion Council. There is hereby established the President's Council on Year 2000 Conversion (the "Council"):

- (a) The Council shall be led by a Chair who shall be an Assistant to the President, and it shall be composed of one representative from each of the executive departments and from such other Federal agencies as may be determined by the Chair of the Council (the "Chair").
- (b) The Chair shall appoint a Vice Chair and assign other responsibilities for operations of the council as he or she deems necessary.
- (c) The Chair shall oversee the activities of agencies to assure that their systems operate smoothly through the year 2000, act as chief spokesperson on this issue for the Executive Branch in national and international fora, provide policy coordination of Executive Branch activities with State, local, and tribal governments on the Y2K problem, and promote appropriate Federal roles with respect to private sector activities in this area.
- (d) The Chair and the Director of the Office of Management and Budget shall report jointly at least quarterly to me on the progress of agencies in addressing the Y2K problem.
- (e) The Chair shall identify such resources from agencies as the Chair deems necessary for the implementation of the policies set out in this order, consistent with applicable law.

Sec. 3. Responsibilities of Agency Heads. (a) The head of each agency shall:

- (1) assure that efforts to address the Y2K problem receive the highest priority attention in the agency and the agency and the policies established in this order are carried out; and
- (2) cooperate to the fullest extent with the Chair by making available such information, support, and assistance, including personnel, as the Chair may request to support the accomplishment of the tasks assigned herein, consistent with applicable law.

(b) The heads of executive departments and the agencies designated by the Chair under section 2(a) of this order shall identify a responsible official to represent the head of the executive department or agency on the Council with sufficient authority and experience to commit agency resources to address the Y2K problem.

Sec. 4. Responsibilities of Interagency and Executive Office Councils. Interagency Councils and councils within the Executive Office of the President, including the President's Management Council, the Chief Information Officers Council, the Chief Financial Officers Council, the President's Council on Integrity and Efficiency, the Executive Council on Integrity and Efficiency, the Executive Council on Integrity and Efficiency, the National Science and Technology Council, the National Performance Review, the National Economic Council, the Domestic Policy Council, and the National Security Council shall provide assistance and support to the Chair upon the Chair's request.

Sec 5. Judicial Review. This Executive Order is intended only to improve the internal management of the Executive Branch and does not create any right or benefit, substantive or procedural, enforceable at law or equity by a party against the United States its agencies, or instrumentalities, its officers or employees, or any other person.

WILLIAM J. CLINTON,
The White House.

Senator STEVENS. I have another fear and that fear is that people that live in the big high density areas are going to figure out a way to get one of these set-top boxes for every room they've got a TV and people that live in rural areas don't have enough Santa Clauses to deliver them, all right. The problem is how to get this out to the people that really need them, which is rural America.

Thank you Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Pryor?

Senator PRYOR. Thank you, Mr. Chairman.

I have—let me just give you two a little background on Arkansas. We have about 2.7 million people in our state. There are 122,000 plus households that rely exclusively on over-the-air television. There are 214,000 Arkansas families that make less than \$25,000 a year, 621,000 minorities in the state, 368,000-plus people who are 65 and older.

I really have the same question for both of you and that is, how worried should I be about this transition, given the demographics and some of the numbers in our state? So I'd just like to ask the same question of both of you, whoever wants to take it first.

Mr. KNEUER. That's why we targeted those five groups as those that need the most education and potentially the most assistance, the economically disadvantaged, people in rural areas, non-English speakers, seniors, and the disabled. Our public education effort is really twofold. It is working with the market participants and others who are doing broad consumer education, but then also educating those trusted third party groups that have as their service mission working with these particular constituencies to make sure that as they are providing services they know that this is one more service that they can provide. So if there are people who are work-

ing with people with disabilities who need assistance in going to the store to get prescription drugs or what have you, that those same groups are educated about this program and that they can help them with that.

The same goes with working with the Veterans Affairs and those sorts of organizations. To the extent there are organizations in Arkansas or in any of your districts that you think have resources, those are exactly the kinds of things that we want to work into our interagency, intergovernmental coordination effort so that we can identify resources and make sure that those resources are being brought to bear for these particular groups.

Commissioner ADELSTEIN. I think there are grounds to be worried. I think there is a big, big challenge. Rural outreach is difficult. Getting to these senior citizens is difficult. You have a lot of those issues in Arkansas. There has to be a better plan.

Right now I can't tell you "here exactly is how we're going to do it". We're kind of doing catch as catch can. I think there is an honest effort to try to do the best we can, but it's not being done in as coordinated of a fashion as necessary and there is no plan. So I can't tell you how it's going to happen, that we're going to get to all those people. I can't even tell you how exactly the message is going to be structured to be most effective.

So if we don't have a message yet, we don't have a plan, and we're 17 months out. It's a little bit worrisome. So hopefully we can turn that around.

Senator PRYOR. Thank you.

Mr. Chairman, that's all I had. Thank you.

The CHAIRMAN. Thank you.

Senator McCaskill?

**STATEMENT OF HON. CLAIRE McCASKILL,
U.S. SENATOR FROM MISSOURI**

Senator McCASKILL. Thank you, Mr. Chairman.

Thank you, Commissioner Adelstein, for being here today. I don't have a lot of questions for you, other than I want to make a comment. Harry Truman had a saying that we take pretty seriously in Missouri about the buck stopping somewhere. I have this horrible feeling the buck's not going to stop anywhere in this deal because we're not going to put anybody in charge, and then when it goes badly everybody says: Well, it wasn't us, it was the FCC; it wasn't us, it was NTIA.

So it seems to me somebody needs to decide who's going to own the buck. And if you can't decide among yourselves, I think we've got to figure out a way to decide it for you, because we need to know who's accountable. If you've got no problem coordinating, you ought not have any problem taking ownership.

So I would say that as an opening statement since I wasn't here for an opening statement. I think what I'm most worried about is this idea that there is a down side to having one entity in charge and that there is some feeling that you have, Mr. Kneuer, about there being coordination now. What is your testimony today as to when coupons are going to be available?

Mr. KNEUER. Consumers can request coupons January 1, 2008.

Senator McCASKILL. That wasn't my question. When will coupons be available?

Mr. KNEUER. If a consumer requests a coupon on January 1, 2008, we can process and deliver it to them. However, we have systems in place so that coupons are mailed when there are boxes available and retailers participating. The coupon will be delivered with a list of eligible converter boxes and a list of available retailers by location.

If in January, January 1, 2008, there is a gap because the coupons expire in 90 days, we won't deliver them until we have visibility that there is access to boxes in retailers in that community.

Senator McCASKILL. Well, now I'm really worried, because I'm looking at the contract with IBM, and I'm going to read from the contract that was signed in August: "Per NTIA's guidance, we do not currently plan to begin coupon distribution and redemption until April 1, 2008."

Now, what you're telling me is that you're testifying—and by the way, the cable industry has now got ads up saying January 1. But the contract with the contractor that's supposed to distribute these coupons specifically says that, per your guidance, they're not going to begin distribution and redemption until April 1.

Mr. KNEUER. There are two phases. The next sentence of the contract, says, IBM will have completed the OCD much earlier and be ready to begin full operational activities before April if NTIA directs us to do so. So we have directed them to be ready by January 1.

Senator McCASKILL. You know, I got to tell you, Mr. Kneuer, this was signed in August. You testified in the Aging Committee after this was signed and until I specifically brought this wording up to you we've never heard anything about April 1. Now we have the contractor who clearly has been told in writing that your guidance is they're not going to do it until April 1.

Why in the world would that be included in the contract if that wasn't in fact what you meant when you signed the contract?

Mr. KNEUER. The guidance that we gave was that they be ready—says April 1 if they don't have—if the operational testing isn't completed.

Senator McCASKILL. That's not what it says. It says "Per NTIA"—I'm reading exactly from the contract: "Per NTIA's guidance, we do not currently plan to begin coupon distribution and redemption until April 1, 2008."

Mr. KNEUER. "However"—

Senator McCASKILL. If you direct them to, they could, it says.

Mr. KNEUER. We have directed them.

Senator McCASKILL. This gives the NTIA the flexibility to respond to public opinion or other pressures to begin. Now, all the people calling my office saying they saw on TV they could get a coupon January 1 and nobody's sending it to them and they haven't heard anything because these people were told they weren't going to send them out until April.

Mr. KNEUER. If a consumer calls us on January 1, 2008, we will process that request and we would be prepared to deliver coupons. However, there are manufacturing and retailer issues that are be-

yond our control—supply chain issues with regards to boxes and retailers.

Now, everything I have heard from retailers and from manufacturers is that very early in 2008 there will be boxes and there will be retailers participating. If there is a gap in the very early days of this program, we don't want to send consumers coupons that will expire in 90 days.

Senator MCCASKILL. I'll come back to this. I think that this is a good example of getting all the bad news out there now, and if that's in the contract I think we should have been told that was in the contract.

I also think that I would just—this is the only question I have and I know my time is up. Do you have a contract with any retailer as of today?

Mr. KNEUER. We have not certified any retailers as of this date.

Senator MCCASKILL. Thank you very much.

The CHAIRMAN. Thank you.

Senator Klobuchar?

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you, Mr. Chairman.

Thank you to our witnesses for being here. I was listening to Senator McCaskill talk about Harry Truman's words from her State of Missouri and I thought, well, what would I have that would fit this situation. And I was reminded of something that I've used often that I heard once at the Minnesota State Fair when a guy was buying some beer and the other guy looked at the beer of the other guy and he said: Your beer is all foam and no beer. So not quite as meaningful as Harry Truman. But what I am concerned here—

Senator MCCASKILL. The buck stops here.

Senator KLOBUCHAR.—is that we really need to have some beer and not just the foam.

So we have in Minnesota around 430,000 households, many of them rural, who rely exclusively on over-the-air television, and so that's about a quarter of the households in our State. So I'm very concerned that we figure out how to educate these people. It has been noted before that a large percentage of the households have incomes under \$30,000 across the country.

In light of these statistics, what do you believe is the best way to educate these people? I start with you, Mr. Kneuer.

Mr. KNEUER. Different groups are going to be reached best by different messages. That's one of the ways we're using our public education money, is to market test these messages to different groups. So I don't—and we're currently in the process of doing that. We will coordinate and develop different messages for seniors, for people in rural communities, for the economically disadvantaged, for people who have maybe non-English speakers. So we are going to coordinate that message based on real market research that tells us how best to do that.

Commissioner ADELSTEIN. Senator Klobuchar—

Senator KLOBUCHAR. Yes?

Commissioner ADELSTEIN.—I see that Minnesota has the fourth highest percentage of over-the-air customers of any state in the country. So you have a big issue.

In terms of answering your question, I think in order to educate different groups differently, that is important, but like any ad campaign you need to have a consistent message. In order for this to sink in, people need to hear repeatedly and they need to hear not a dissonant message, but a coherent one. So we need to develop a unified coherent message for the vast bulk of folks in addition to doing the targeted messages for those certain populations that need it.

I think the message has to be the same across different levels of government from the Federal, State, and local, and tribal governments.

We also need to coordinate the efforts of the broadcast industry, the cable industry, the satellite industry, and the consumer electronics industry. All of them have their own interests. All of them are going to have slightly different messages that are skewed to their own interests. I'm not saying that we need to be the czar who dictates what it is, but when we go to them and say, hey—and Senator McCaskill did this at the Aging Committee hearing. She was very dissatisfied with an advertisement that was put out by the cable industry. You see that the more recent cable ad I think is much more responsive, it's much better.

In fact, the cable industry was nice enough—I expressed concern in response to your issue at the Aging Committee and the cable industry came to me and said: What can we do to help? And they actually ran their script by me. I'm not the censor, but I gave them a helpful suggestion. They said that all TVs are going to be going digital. That's not true. There is low power and there are translators and there are class A stations that are not going digital. So it was factually incorrect.

I mentioned this to them. They agreed; we'll take out the word "all."

Now, why am I, one commissioner, the person doing this? Why is there no established mechanism for making sure: (a) they're accurate, (b) they're coordinated, and (c) they're not skewed to the self-interest of these different industries, but are looking at the broader public interest? I think only the government can play that referee role.

Senator KLOBUCHAR. Thank you.

Mr. Kneuer, I wanted to follow up on some of the questions about the coupon program. I learned that Best Buy, which is a Minnesota company, had agreed today to participate in the coupon program. So this is different because they have—they have not actually signed the contract, but they have agreed to participate. Could you explain that to me?

Mr. KNEUER. Sure. There are—in designing the program, retailers obviously are a critical link. They're a critical link for distribution, but there is also a risk with retailers. So we wanted to create a program where retailers would be certified as a means of limiting opportunities for waste, fraud, and abuse and also making sure that we had retailers who had educated staff who could work with consumers. So there is a registration that is required to actually

get certified into the program. It's not terribly complicated. It's included in the contract that we posted.

That asks to make sure that they have been in the consumer electronics business for a year. We can waive that in places in rural markets where they may not be focused on purely consumer electronics. They have to demonstrate they can train their staff. They have to sign into a financial database so they can actually get paid directly by the Federal Government.

So our vendor has been in negotiations and discussions with a couple of dozen of the top retailers and it's a matter of coordinating with their teams and actually signing off on it.

Senator KLOBUCHAR. What do you think the best way is to get them to sign on?

Mr. KNEUER. I think we're doing—I think it's in their interest to take part in this program. Like I said, when we deliver a coupon to consumers they will not only get a list of the eligible boxes, they will also get a list of retailers that they can go to. Retailers want to be on that list.

Senator KLOBUCHAR. Well, is it true that a number of them are concerned that the terms of the agreement are not yet disclosed and that that's slowing down the process?

Mr. KNEUER. The terms of the agreement are publicly available and they've been distributed to retailers—IMB has been directly working with a couple of dozen of the large retailers. This month we're sending out 25,000 letters to the smaller retailers with the terms of the contract, how they can participate. So if there is some gap on that we're remedying it.

Senator KLOBUCHAR. Are you going to make them sign it at some point? How are we going to make sure that they're all part of the program?

Mr. KNEUER. It's a voluntary program. But like I said, we designed a program that would be in their interest to participate in. We wanted to have broad participation by retailers and not just the big market stores, but rural retailers and others. I think there is an incentive for them to be there as far as we have a \$1.5 billion program that's going to give consumers a financial incentive to go and acquire these boxes. I think the hard date is going to drive tens of millions of consumers to make a decision about the DTV transition. So retailers want to participate in the program. They're going to want to be on that list that consumers get saying you can go to this store in your community.

Senator KLOBUCHAR. But again, we have to make sure, as Commissioner Adelstein was saying, that this information gets out there to them, because a number of them, if they still have these older TVs, they're probably not wandering into the retailers all the time to buy things. So somehow we have to get that information to them.

Thank you.

The CHAIRMAN. Thank you.

Senator Dorgan?

**STATEMENT OF HON. BYRON L. DORGAN,
U.S. SENATOR FROM NORTH DAKOTA**

Senator DORGAN. Mr. Chairman, thank you.

I appreciate the questions of my colleagues, and I appreciate the two witnesses. I share the concern and the seriousness of purpose here on this issue. We have to get this right. We have a lot of people that are going to rely on the Federal Government and all of the processes to work to get it right.

I want to take my time, however, to talk about something else, and I do it only because the opportunity's available and I feel like I must do it at this point.

Commissioner Adelstein, you are here representing the Commission, and I was—in these days of YouTube, I was given the transcript yesterday of something one of the other commissioners had said. I want to quote it, in part. “The Chairman just”—this is another commissioner—“The Chairman just announced a new schedule to have an order out by December 18 on media ownership. We are, hopefully, going to wrap our localism and media ownership hearings here in the next month or so, according to the Chairman’s schedule, with some more opportunity for public comment before, perhaps, a December order.”

My understanding of what that suggests is that someone—Chairman Martin, perhaps—has decided, internally, to begin a media ownership proceeding that would end in December of this year. Now, I know that has not been made public, that I’m aware of. Can you shed any light on that? Is that something you have knowledge of, internally?

Commissioner ADELSTEIN. Well, since you’re asking here in Congress, I have to answer. One of my colleagues did mention it at a previous event, so there has been an effort to try to wrap up the media ownership proceeding by the end of the year, by December. I’m not sure why the focus is on that date. To me, the issue is much more the substance of the matter than it is the process. I think there are a lot of issues we need to get done before we wrap this up.

Senator DORGAN. The issue of media ownership—the last time, by the way—just to refresh our memories, the last time the Commission did this, they decided, in the largest American cities, it was perfectly fine for the Federal Communications Commission rule—for one entity to own, in the largest American cities, eight radio stations, three television stations, the cable company, and the dominant newspaper. And that was just fine. But, I’ll tell you what, it sure isn’t fine with me, and it wasn’t fine with the majority of the U.S. Senate that voted on an amendment that I offered, along with Senator Lott, which, in effect, was a vote on a legislative veto.

But I’m just—I would say this, Commissioner, if this is where the FCC is headed, if the—if—and, again, I was quoting something, I think, by Commissioner McDowell—if, in fact, the Chairman has indicated that he intends to do media ownership by December of this year, there is going to be a firestorm of protest, and I’m going to be carrying the wood. There—we’re going to have a big debate about this.

The last time the Commission tried to do that with a majority that was going to just run roughshod over everything, including not having adequate hearings—now, they have had more hearings this time, to be sure, but there has not been a conclusion on localism, there has not been a conclusion on the proceedings of public interest; there is not possibly time, by December 18, I think it was, to come out with the new media ownership rules out of the FCC and give any fairness to any group of people in this country to have the opportunity to comment on rules.

This is a big deal. We have way too much concentration of ownership in this country now; way too much. And the suggestion that we should allow greater concentrations of television station owners, greater concentration of radio owners—I come from a state in which one company bought all six radio stations in one of our little towns; one company. And then, to boot, let's throw in cross-ownership and let newspapers buy up radio and TV stations buy up newspapers. We'll all have a great time. Well, I'll tell you what, I think that's counterproductive to the public interest in this country.

And I don't mean to be lecturing you, Mr. Adelstein; I know how you have voted on these issues, but I do want to say this to the Commission—

And I am hoping, Mr. Chairman, that we might have an early hearing, because I only learned of this, that the Chairman apparently is deciding to move at a full gallop now, from now until December, on something that's unbelievably important to this country. I hope we might do an early hearing.

The CHAIRMAN. You can count on it.

Senator DORGAN. Well, I appreciate that a lot.

This is very important. There are a handful of companies in this country that determine, in most circumstances, what we see, hear, and read—about six. And we don't need further concentration. We need greater localism, we need greater responsibility in public interest, responsibilities that attach to licenses. And I—you know, I know that there are some who disagree with me strongly, there are some on your Commission that will lead the way toward the same result that turned out to be so disastrous a few years ago. I said then that it was a big—the most significant cave-in to big interests I've ever seen in my life—in the shortest time, I might add. And, you know, the Senate expressed itself very strongly in opposition to the Commission. The appeals court intervened and remanded it back to the Commission.

But I—Mr. Adelstein, I'm sorry, I don't mean to be in any way trying to lecture you about—well, I guess I was, wasn't I?

[Laughter.]

Senator DORGAN. I—let me apologize. I don't mean to lecture you. I know your feelings about this.

But I was flabbergasted the other day to learn that there is now something underway that would end in December and come out with all of these new media rules. This is unbelievably important.

So, thank you for giving me the opportunity to ask you the question. I'm sorry to do it in the context of the issue that's before us, because that issue is very important, as well. My colleagues, Senator McCaskill and Senator Stevens and others, have asked the im-

portant questions about access and knowledge and information and so on.

So, I feel better now. Thank you very much.

[Laughter.]

Commissioner ADELSTEIN. I feel great, too. I think——

[Laughter.]

Commissioner ADELSTEIN.—I think it's important—priorities that you've laid out here, certainly in terms of the process. What's more important is the substance. There are issues of localism that we've had pending since 2003, and we've done nothing to enhance local service, responsiveness to local communities. So, we need to do that first, before we act on the ownership rules. We've done nothing to deal with issues of concern to minorities and women, who own pitifully small numbers of broadcast outlets in this country. Yet, we've tried to eliminate the only rule that helped, and we've done nothing to try to improve that process. I think that needs to be done first.

Public interest obligations have been pending since 1999, with no action. All of these things are gathering dust on the shelves of the FCC. I think, before we move forward on the issue of media ownership, we need to address these issues in order of priority. And clearly these are higher priorities for the Commission, traditionally, and for this committee, traditionally.

Senator DORGAN. Well, let me thank Senator Inouye for his determination to hold a hearing. I very much appreciate that. I think that is in order.

The CHAIRMAN. I've been a politician for over half my life. And one of the most important elements in my profession is the transmission of information. You advise us that our people are adequately informed, advised, and educated. And yet, on the eve of December 7, 1941, the 50th anniversary of that date, in the summer of 1991, a poll was taken among high school seniors asked, What is the significance of December 7, 1941? And over half could not respond, they didn't know what it was.

Recently, another poll was taken to ask the people of the United States, all adults, about World War II. Half the people say, "What's that?" They hadn't heard about concentration camps, they hadn't heard about Hitler, Tojo, Mussolini, they hadn't heard about World War II.

And then, we have the media, very active. The last time I looked at my TV set, we had 300 channels or something like that. Maybe mine is a cheaper one. They have 500 now. I know more about Britney Spears——

[Laughter.]

The CHAIRMAN.—O.J. Simpson—I've never met them, but——

Senator McCASKILL. And Ellen's dog.

The CHAIRMAN. That's right.

Senator DORGAN. Paris Hilton.

The CHAIRMAN. Paris Hilton. I know about their tattoos and everything else.

[Laughter.]

The CHAIRMAN. But I don't know news, what's happening in the world. And it's not getting better with all this concentration of biased news, focused news. So, I'm with him. We'll have a hearing.

And I think it's about time we start really working on this February 17, 2009, because if we're going on the basis that the people are well informed, you will have a disaster on February 18, 2009, and then you will hear people screaming—not at you, but at us. And, believe me, we don't like it.

So, I don't know what we're going to do. And the worst thing you can do is to let us run it. But if you don't run it, we will run it, people like us here. It's a helluva thought, but it could happen.

So, with that, I thank you very much for your patience and understanding.

And it's my privilege to call upon our next panel.

I'd like to thank the first panel.

The next panel is made up of the President and CEO of the National Association of Broadcasters, Mr. David Rehr; the President and CEO, National Cable Television Association, Mr. Kyle McSlarrow; the President and CEO of the Association of Public Television Stations, Mr. John Lawson; the Senior Vice President, Advertising and Public Relations, DIRECTV, Mr. Jon Gieselman; Executive Director, Consumer Electronics Retailers Coalition, Mr. Mark Pearl.

Well, I thank you very much for being with us.

May I first call upon the President and CEO of the National Association of Broadcasters, Mr. David Rehr.

**STATEMENT OF DAVID K. REHR, PRESIDENT AND CEO,
NATIONAL ASSOCIATION OF BROADCASTERS**

Mr. REHR. Good afternoon, Chairman Inouye, Vice Chairman Stevens, and members of the Committee.

My name is David Rehr, and I am President and CEO of the National Association of Broadcasters, a trade association that represents over 8,300 free over-the-air radio and television stations and networks. I would like to thank you for holding this hearing today.

In 489 days, American broadcasters and TV viewers will complete the most significant advancement of television technology since the advent of color TV, and, in return, TV viewers will receive the crystal pictures and phenomenal sound of digital television. I would like to make four points today with regards to broadcasters' commitment to an effective transition.

One, on Monday, October 15th, NAB, along with Starcom MediaVest Group, the largest media services organization in the country, unveiled the largest volunteer effort in television history to educate viewers on the switch. This \$697 million consumer campaign will consist of DTV action spots, crawls, 30-minute educational programs, a 100-day countdown clock to the February 2009 deadline, the DTV road show "Trekkers" that will visit over 600 locations nationwide, a DTV Speakers Bureau that will book over 8,000 events at senior centers, Kiwanis Clubs, and church and community centers. We will have banner ads on our station websites, earn media through newspaper coverage, as well as news tickers.

The \$697 million valuation does not include our work with our network and syndication partners to include DTV messages in storylines of popular television shows. It does not include radio

marketing, although we expect radio stations will be part of this effort. It does not include the expected use of outdoor advertising or countless news stories on morning and evening newscasts. Already, every broadcast network is participating in this campaign, along with 95 broadcasting companies representing 939 television stations nationwide, and we expect more, and they are joining, as we move forward.

The combined elements of this multi-platform, multifaceted marketing campaign will reach nearly all television viewers and will generate 98 billion impressions. In the current multimedia environment, impressions are the currency of an effective marketing campaign.

Two, it is important to note that Monday's announcement builds on earlier work. NAB has already produced and distributed DTV action spots in English and Spanish, in HD and standard definition, and with closed captioning. These action spots were sent to every station in the country, member or nonmember. We have a full-time staff dedicated solely on the DTV transition. We have conducted a myriad of studies, focus groups, and sought international research on other countries that have, or are in the midst of, a similar transition, and we've also contacted the Y2K Czar to gain insights from him. We have a bilingual website—*DTVanswers.com*—and our industry and government coalition has nearly 180 diverse groups and organizations.

NAB has provided toolkits to every Member of Congress, and we've held Congressional staff briefings on how Members can educate their constituents.

Third, I would encourage members of this committee to not jeopardize the success of the digital transition by opening up the television broadcast spectrum to personal and portable unlicensed devices that the FCC testing has found to cause harmful interference. Allowing those devices into the TV band will be detrimental to the DTV transition, and has the potential to render it a failure.

Fourth, America's broadcasters believe that we need a vibrant private-public partnership to ensure this transition is as seamless as possible for viewers. What we need, and what you on this committee have provided, is a sense of urgency. We all need to be working together with a shared goal and purpose and speed. And we, at the NAB, are committed to that.

I want to applaud Chairman Inouye for including a DTV link on the Committee website, Vice Chairman Stevens for including a similar link on his Senate website, and all of the Committee members who have taken steps to educate constituents in their states. Your constituents are our viewers, and we need to continue to work together to make this transition a success. 19.6 million households rely on over-the-air television, 69 million TVs will be impacted, and we want to continue to provide American TV viewers the outstanding broadcast content they expect.

Thank you, and I look forward to answering any questions you may have.

[The prepared statement of Mr. Rehr follows:]

PREPARED STATEMENT OF DAVID K. REHR, PRESIDENT AND CEO,
NATIONAL ASSOCIATION OF BROADCASTERS

Good afternoon Chairman Inouye, Vice Chairman Stevens and fellow members of the Committee. My name is David Rehr, and I am testifying today on behalf of the National Association of Broadcasters where I serve as President and CEO. NAB is a trade association that advocates on behalf of more than 8,300 free, diverse local radio and television stations and broadcast networks before Congress, the Federal Communications Commission and other Federal agencies, and the courts.

Broadcasters will make certain that over-the-air television viewers understand what they need to do to continue to receive their local television signals after the switch to digital-only broadcasting on February 17, 2009. Local television stations that today keep their communities—and your constituents—informed and connected will remain a vibrant part of the media landscape in the 21st century. Broadcasters at the national, state and local levels have been coordinating extensively with government, private industry, membership organizations and others to educate all consumers so that they understand the DTV transition. These activities began in earnest in 2006 and will continue well after the transition on February 17, 2009.¹

We all desire a smooth transition to digital with minimum disruption to TV viewers. For this to happen, the American public must understand what all-digital broadcasting means for them, including the many benefits it will bring, the options available to be ready for the transition and the appropriate steps to take. To that end, the broadcast industry has embarked on an unparalleled and unprecedented consumer education campaign. This is a multi-faceted, multi-platform education campaign that uses all of the tools available to achieve success.

The DTV Education Campaign is designed much like a political election where the DTV transition is a candidate that starts with low name identification, and must be introduced and promoted among our “electorate” or television viewers. No avenue to reach consumers will be left unexplored.² Broadcasters have embarked on an extensive education and marketing campaign to ensure we reach all demographics, all geographical areas, urban and rural communities, the young and the old.

Since late 2006, efforts to educate consumers have been underway, spearheaded by a NAB team dedicated solely to digital transition education. In the latest deployment of this critical effort, broadcasters and networks have unveiled a multi-platform, multifaceted marketing effort to complement the variety of other initiatives already underway to educate consumers about the Nation’s switch to digital broadcasting.

NAB has made a significant investment in staff, having hired a five-person, full-time staff dedicated exclusively to DTV transition consumer education. The staff has already utilized outside experts to conduct significant consumer research, in the form of surveys and focus groups to find out as much as possible about the universe of American over-the-air, broadcast-only viewers. NAB has also visited and opened dialogues with officials running respective DTV campaigns in the United Kingdom, Sweden, Austria and Belgium to ascertain how European nations are running their transition campaigns. NAB’s plan is based upon solid consumer understanding, demographic and viewership knowledge, and the experience of other global nations.

NAB has developed and is supporting, www.DTVanswers.com, a comprehensive website that is a resource to educate consumers, journalists and opinion leaders about the DTV transition. Along with the website, NAB will direct our viewership that are not connected to the Web to call 1-888-DTV-2009, a government sponsored toll-free number equipped with information.

In addition to NAB’s internal efforts, many individual stations are already running DTV transition action spots. For example, Raycom Media is running a series of these spots under the theme of “The Big Switch.” Other companies, like Capitol Broadcasting, Post Newsweek, Bonneville, Freedom and Dispatch Broadcast Group, are also already running DTV spots while many others have aired news stories on the subject. Moreover, NAB developed and sent to stations a comprehensive video package that includes, among other tools, interview sound bites for use in newscasts to tell the DTV story. It includes English and Spanish language DTV action spots as one part of our overall communications strategy. These spots are closed captioned and include the National Telecommunications and Information Administration’s (NTIA) toll free number.

¹Deficit Reduction Act of 2005, Pub. L. 109-171, Title III, §§ 3002(a), 3003, 3004, 120 Stat. 21, 22.

²NAB applauds the Federal Communications Commission’s (FCC) recent action to ensure that cable subscribers will continue to receive the broadcast signals in digital and analog as needed. See FCC Adopts Rules to Ensure all Cable Customers Receive Local TV Stations After the Digital Television Transition, *Public Notice*, FCC 07-170 (Sept. 11, 2007).

With the immense amount of activity broadcasters and their network partners are undertaking to educate consumers on the transition, NAB engaged Starcom MediaVest Group as a strategic partner to help construct the plan and quantify the reach of these initiatives. Starcom MediaVest Group is the largest media services organization in the country, responsible for more than \$16 billion in media spending annually. Using their proprietary, state-of-the-art software program—Tardis—Starcom MediaVest Group was able to calculate approximate impressions and valuations of the consumer education campaign. Given the immense differences between communities across the country, it is imperative that broadcasters utilize a number of different tools to educate their viewers about the transition to digital. A one-size-fits-all approach to consumer education can not efficiently educate viewers whose composites differ from market to market. No one knows how to reach television viewers about their viewing experience better than their local broadcasters. This education initiative is an important part of broadcasters' ongoing commitment to our viewers and our communities.

In preparation for this transition, NAB has developed a comprehensive communications and education campaign. The purpose of this campaign is to alert the U.S. television viewing public of the impending shift and to inform them of the measures they need to take in order to ensure that they will be prepared to receive television broadcasts once the transition takes place.

Currently, there are 19.6 million U.S. households that receive over-the-air, broadcast-only signals, equating to 17 percent of total U.S. households. There are, on average, 2.27 TVs in these households, or approximately 45 million television sets that will be affected when analog signals are shut off in 2009. In addition, an estimated 24 million broadcast-only televisions in households also have cable, satellite, or Internet connections. In total, nearly 69 million television sets may be affected.

Broadcasters' Are Proud To Announce the Launch of Their Comprehensive Education Campaign

Starcom MediaVest Group, along with NAB, created a dynamic, multi-channel communication plan that will reach virtually every American adult with sufficient frequency to alert and educate them of the impending transition to digital television. The plan fully leverages all of the assets of the member stations, including commercial inventory, online, community events, talent and outdoor advertising. Many facets of the campaign have already begun, with encouraging results. While NAB and many broadcasters have already begun valuable education efforts, we anticipate the next phase of this comprehensive plan will begin this week.

Specialists in media planning and buying, public relations and event marketing have developed programs that will surround the TV viewing public with informative communications, many of which will be hands-on in nature.

NAB has already crafted communications materials, including:

- DTV Action Spots, in English and Spanish;
- Video packages for the stations and their news departments, including B-roll footage and other graphic elements that can be used by the stations in the development and editing of their stories regarding the digital transition;
- Tool kits for Federal and state policymakers complete with presentations and Web banners; and
- Brochures and collateral materials that have been distributed through coalition partners and at trade shows.

The above materials are being produced and delivered to all of NAB's 1,169 member stations. In addition, NAB has made these materials available to non-member commercial and noncommercial stations as well. NAB will also produce a 30-minute educational program ready for airing on local stations.

In order to seed the campaign message, member stations and networks will consider a comprehensive program of DTV action spots, air time and other on-air features. The program is based upon a combination of quarterly DTV action spot commitments, airing of the 30-minute educational program, airing of informational messages through crawls, snipes and newstickers, and other impactful features, such as a 100 day "count down" program to be included in all local news broadcasts.

Word-of-mouth and other techniques that can spread the word "virally" are critical for the success of educational campaigns. NAB has developed a program of grassroots initiatives that will provide community-level activities to drive the message home. NAB has already recruited a 700-person speaker's bureau for an anticipated 8,000 speaking engagements to local high schools, senior centers, and other groups at the local level. Two customized tour trucks, designed to look like a television on wheels, will be criss-crossing the country, stopping at more than 600 local

events in over 200 markets. Hands-on education and instruction regarding digital converters will be conducted at these events.

In addition, NAB helped form a coalition with the National Cable & Telecommunications Association (NCTA) and the Consumer Electronics Association (CEA) that now boasts over 170 organizations (Attachment A) to help get the word out regarding the digital transition. Please find attached a list of these members. Each of these organizations has agreed to utilize their existing communications materials to communicate the news of the transition to their membership. Moreover, NAB's DTV staff has been teaming with coalition partners to exhibit and distribute information at their annual conferences and trade shows. These types of grassroots efforts will be extremely important to provide further context to the transition message and will enhance the understanding of the on-air campaign. Starcom endorsed these efforts, recognizing that they will provide incremental activities to some of the disproportionately affected groups: senior citizens, minority populations, lower-income constituents and rural populations. Media coverage of the transition story, in addition to coverage of many of the grassroots components, is anticipated to be significant. This transition affects many Americans and is duly newsworthy. To make sure that the DTV transition is being covered both accurately and ubiquitously by America's reporters, NAB has briefed reporters from major news organizations and plans to facilitate reporter briefings in all 50 states. NAB will push local news "hooks" into stories in major metro areas, suburban areas and into the heartland. We anticipate significant news coverage across local television, radio, newspaper and TV, as well as radio and newspaper websites. As the media marketplace continues to evolve to meet consumer needs, we will leverage stations outdoor and on-line assets.

Starcom proposed that a combination of streaming and display advertising share-of-voice be donated on the station's websites to support the transition campaign. Significant exposures are anticipated from this component of the campaign, extending the overall reach of the message.

Finally, paid media will be utilized to supplement activities in key markets where public awareness of the transition lags. Newspaper activities, efforts at public transportation hubs and at key retailers have been recommended in these areas.

Plan Delivery—The Road to 98 Billion Impressions

NAB's plan will drive the message of digital transition across numerous consumer media touch-points. By engaging consumers via television, in the news media, on-line, through outdoor efforts and in direct, grassroots events, the message will be seeded and communicated much more effectively than through television advertising alone. Starcom has quantified and estimated the overall delivery of this campaign utilizing the agency's industry-leading tools. Starcom projects that the wide-ranging campaign that NAB announced on Monday, October 15 will be worth an estimated \$697 million and will begin immediately (Attachment B). The multi-platform, multi-faceted campaign marks the latest phase of the industry's DTV consumer education initiatives, which began in 2006.

Broadcast networks and television stations across the United States have been working closely together to coordinate initiatives for the campaign, which includes 95 companies and 939 television stations nationwide. The combined elements of the DTV campaign will reach nearly all television viewers and generate 98 billion audience impressions³ during the course of the campaign, which will run through February 17, 2009, when all full-power television stations must turn off their analog signals and begin broadcasting exclusively in the digital format. This is an unprecedented event. Every major network and every major television company has lent its name in support of this campaign. We expect more to join as we move forward. Each and every broadcaster who is joining us in this effort is committed to ensuring no consumer is left without television reception after the transition.

NAB will also work to ensure that all Americans, including the estimated 25 to 30 million persons who are deaf or hard of hearing, will be able to view the DTV action spots and other related-programming material. And of course, all NAB-produced video footage that contains audio statements will include closed captioning.

Despite the comprehensive nature of this multiplatform campaign, the value of this effort is a very conservative estimate, given that many elements that will be utilized to reach consumers were not included in the impression and value quan-

³ Impressions: The number of times an advertising schedule is seen over time. The number of gross impressions may exceed the size of the population since audience members may be duplicated. Webster, James G., Phalen, Patricia F. & Lichty, Lawrence W. (2000). *Ratings Analysis The Theory and Practice of Audience Research* (2nd ed.) Mahwah, NJ: Lawrence Erlbaum Associates.

tification. The more than \$697 million value of this multi-faceted television campaign does not even take into account the broad reach of other platforms that television broadcasters will utilize to reach all consumers with information about the transition to digital television. Not included in the campaign valuations is the invaluable reach of local news programming. Numerous local television news teams throughout the country will be covering the transition to digital as part of their effort to ensure their viewers are aware of news that personally affects their day to day activities. In addition to this, broadcasters will be working with their network and syndication partners to include messages about the digital transition in story lines and content of the most popular television shows.

NAB will supply stations with :15, :30 and :60 second DTV action spots, as well as scripts for live talent reads. NAB is also providing stations with Web banners and information about the transition and the easy steps to upgrade to digital. Broadcasters will also be working with their counterparts at college television and radio stations to ensure messages about the mandatory upgrade to digital penetrate all audiences. Radio broadcasters will also join the effort to educate America's consumers about the transition to digital television.

NAB will harness the power of outdoor media by working closely with CBS, Clear Channel and other outdoor media providers to reach consumers with information about the transition and drive them to the website: *www.DTVanswers.com* for additional information in preparing to upgrade.

Don't Jeopardize the Transition to Digital Television With Unlicensed Devices in the Television Broadcast Spectrum

We caution that opening up the digital broadcast spectrum to portable unlicensed devices at this time would turn the DTV transition on its head and could lead to tremendous consumer confusion. We are very concerned that allowing these devices in the television band will jeopardize the success of the transition and could cause permanent damage to the over-the-air digital broadcast system. Some Silicon Valley companies want to allow millions of transmitting devices to operate on television frequencies, without a license. We hope you will agree that our country should enact policies that facilitate the deployment of rural broadband without permanently endangering reception on millions of new digital television sets and government subsidized digital-to-analog converter boxes.

In closing, we firmly believe that the benefits of this transition—including a clearer television picture, better sound and more channels—will endear Americans to the switch to digital so that while the technological change may involve some hassle, it will be worth the effort in the long run.

I would like to thank Chairman Inouye and Vice Chairman Stevens on their leadership on our monumental switch to digital television. We look forward to working with both of you and other members of this Committee as we approach 2009 to ensure that no Americans lose free, over-the-air television reception.

ATTACHMENT A

DTV Transition Coalition Members (As of October 15, 2007)

AARP
 Advanced Television Systems Committee
 Affinity Marketing
 Alabama Broadcasters Association
 Alaska Broadcasters Association
 Alliance for Public Technology
 Alliance for Rural Television (ART)
 American Association of People with Disabilities (AAPD)
 American Cable Association (ACA)
 American Legislative Exchange Council (ALEC)
 American Library Association (ALA)
 Archway Marketing Services
 Arizona Broadcasters Association
 Arizona-New Mexico Cable Communications Association
 Arkansas Broadcasters Association
 Association of Cable Communicators
 Association for Maximum Service Television, Inc. (MSTV)
 Association of Public Television Stations (APTS)
 Audio Quest
 Best Buy
 Black Leadership Forum Inc.
 Broadcom

Call For Action
 Cable Telecommunications Association of New York, Inc.
 Cable and Telecommunications Association for Marketing
 Cable Television Association of Georgia
 California Broadcasters Association
 Care2
 CENTRIS
 Circuit City
 Cisco Systems, Inc.
 CNET
 Colorado Broadcasters Association
 Community Broadcasters Association
 Congressional Black Caucus
 Congressional Hispanic Caucus
 Connecticut Broadcasters Association
 Consumer Action
 Consumer Electronic Retailers Coalition (CERC)
 Consumer Electronics Association (CEA)
 Consumers for Competitive Choice
 Corporation for Public Broadcasting
 Councilmember Mary Cheh's Office
 CTAM: Cable & Telecommunications Association for Marketing
 Custom Electronic Design & Installation Association (CEDIA)
 DIRECTV
 Disney
 Effros Communications
 Electronic Industries Alliance (EIA)
 Entertainment Industries Council, Inc. (EIC)
 Federal Citizens Information Center
 Federal Communications Commission
 Florida Association of Broadcasters
 Georgia Association of Broadcasters
 Goodwill Industries International
 Greater New Orleans Broadcasters Association (GNOBA)
 Hawaii Association of Broadcasters
 High Tech DTV Coalition
 Home Theater Specialists of America (HTSA)
 Idaho State Broadcasters Association
 Illinois Broadcasters Association
 Indiana Broadcasters Association
 Information Technology Industry Council (ITIC)
 Iowa Broadcasters Association
 Iowa Cable & Telecommunications Association, Inc.
 Kansas Association of Broadcasters
 KA6UTC
 KCET
 Kentucky Broadcasters Association
 Kinsella/Novak Communications, LLC
 KTSF
 Latinos in Information Sciences and Technology Association
 Leadership Conference on Civil Rights (LCCR)
 League of United Latin American Citizens
 LG Electronics
 Louisiana Association of Broadcasters
 Louisiana Cable & Telecommunications Association
 Maine Association of Broadcasters
 Maryland/D.C./Delaware Broadcasters Association
 Massachusetts Broadcasters Association
 Media Freedom Project
 MediaTides LLC
 Mexican American Opportunity Foundation
 Microtune
 Michigan Association of Broadcasters
 Minnesota Broadcasters Association
 Minority Media Telecommunications Council
 Mississippi Association of Broadcasters
 Missouri Broadcasters Association
 Montana Broadcasters Association

National Alliance of State Broadcast Associations (NASBA)
 National Association of Black Journalists (NABJ)
 National Association of Black Owned Broadcasters
 National Association of Broadcasters (NAB)
 National Association of Consumer Agency Administrators (NACAA)
 National Association of Counties (NACo)
 National Association of Latino Elected Officials
 National Association of Latino Independent Producers
 National Association of Manufacturers (NAM)
 National Association of Neighborhoods
 National Association of Regulatory Utility Commissioners
 National Association of Residential Property Managers (NARPM)
 National Association of Telecommunications and Advisors (NATOA)
 National Black Church Initiative
 National Cable & Telecommunications Association (NCTA)
 National Coalition of Black Civic Participation
 National Council of LaRaza
 National Grange
 National Fair Housing Alliance
 National Grocers Association (NGA)
 National Hispanic Media Coalition
 National Newspaper Publishers Association News Service
 National Organization of Black County Officials
 National Religious Broadcasters (NRB)
 National Urban League (NUL)
 Navigant Consulting, Inc.
 Nebraska Broadcasters Association
 Nevada Broadcasters Association
 New Hampshire Association of Broadcasters
 New Jersey Broadcasters Association
 New Mexico Broadcasters Association
 New York State Broadcasters Association
 Nielsen Company
 North American Retail Dealers Association (NARDA)
 North Carolina Association of Broadcasters
 North Dakota Broadcasters Association
 Ohio Association of Broadcasters
 Ohio Cable Telecommunications Assn. (Stoddard)
 Oklahoma Association of Broadcasters
 Oregon Association of Broadcasters
 Panasonic Corporation of North America
 Pennsylvania Association of Broadcasters
 Philips Consumer Electronics
 Plasma Display Coalition
 Public Broadcasting Service (PBS)
 Qualcomm
 RCA/Audio Video
 Rainbow PUSH Coalition
 RadioShack
 Retail Industry Leaders Association
 Retirement Living TV
 Rhode Island Broadcasters Association
 Samsung Electronics
 Satellite Broadcasting and Communications Association (SBCA)
 South Carolina Broadcasters Association
 South Dakota Broadcasters Association
 Target
 Telecommunications Industry Association (TIA)
 Tennessee Association of Broadcasters
 Terrestrial Digital
 Texas Association of Broadcasters
 Texas Cable & Telecommunications Association
 Texas Instruments
 THAT Corp.
 Thomson
 TitanTV Media
 U.S. Chamber of Commerce
 Universal Remote Control

Utah Broadcasters Association
 Verizon
 Vermont Association of Broadcasters
 Virginia Association of Broadcasters
 Voices of September 11th
 Wal-Mart
 Washington State Association of Broadcasters
 Washington Urban League
 Wineguard Company
 Wisconsin Cable Communications Association
 Wisconsin Broadcasters Association
 WLMB TV40
 Wyoming Association of Broadcasters

ATTACHMENT B

For Immediate Release

October 15, 2007

Contact: Shermaze Ingram, NAB
 Alisa Monnier, Starcom MediaVest Group

Broadcasters Announce Comprehensive \$697 Million Campaign to Educate Consumers About the February 17, 2009 Transition to Digital Television (DTV)

Campaign Complements Variety of Other Initiatives

High-Res Photos from Today's News Conference Will be Available at http://www.dtvanswers.com/dtv_news

Washington, D.C.—Demonstrating their commitment to helping viewers prepare for the transition from analog to digital television (DTV), broadcasters today announced a comprehensive \$697 million consumer education campaign. The multiplatform, multifaceted campaign marks the second phase of the industry's DTV consumer education initiatives, which began in late 2006.

Broadcast networks and television stations nationwide have been working closely together to coordinate initiatives for the campaign, which will include:

- "DTV Action" television spots.
- Crawls, snipes and/or news tickers during programming.
- 30-minute educational programs about DTV.
- 100-day countdown to the February 17, 2009 DTV deadline.
- Public relations elements, including earned media coverage in newspapers and online.
- DTV Road Show that will visit 600 locations nationwide.
- DTV Speakers Bureau that will reach one million consumers.
- Online banner ads on TV station websites.

The combined elements of the DTV campaign will reach nearly all television viewers and generate 98 billion audience impressions during the course of the campaign, which will run through February 17, 2009, when all television stations must turn off their analog signals and begin broadcasting exclusively in the digital format.

"I am proud that NAB is leading what may be the largest volunteer effort in the history of television, with literally every market and network involved," said Jack Sander, Chairman of NAB's Joint Board of Directors. "This effort illustrates the continuing commitment by broadcasters to educating all television viewers about the DTV transition."

Every broadcast network is participating in the campaign, along with 95 broadcasting companies representing 939 television stations nationwide. Many other stations are expected to participate in the campaign. (Complete list is attached.)

With the immense amount of activity broadcasters and their network partners are undertaking to educate consumers on the digital transition, NAB engaged Starcom MediaVest Group as a strategic partner to help construct the plan and quantify the reach of these initiatives. Starcom MediaVest Group is the largest media services organization in the country, responsible for more than \$16 billion in media spending annually. Using their proprietary, state-of-the-art software program, Tardiis, Starcom MediaVest Group was able to calculate approximate impressions and valuations of the consumer education campaign.

“The broadcasting community is wholly dedicated to making sure no television viewer loses access to free, over-the-air broadcast television due to a lack of information about the switch to digital television, said David K. Rehr, President and CEO of NAB. “This next phase of our DTV consumer education campaign will take our current initiatives to the next level, and further increase the frequency of messages viewers receive about the transition to digital.”

Endorsements

While all broadcasters will be engaged in digital television transition consumer education efforts, the following companies have specifically endorsed this multifaceted campaign and are committed to working with our private and public sector partners to lead the way to ensure that no consumer is left without access to television due to a lack of information about the transition to digital.

Company	Stations represented
ABC Owned Television Stations	10
ABC Television Network	
ACME Communications	7
Bahakel Communications Television	6
Banks Broadcasting	1
Barrington Broadcasting Group	17
Belo Corporation	19
Block Communications Inc.	5
Bonneville International/KSL TV	1
Bonten Media Group	8
California Oregon Broadcasting	3
Capitol Broadcasting Co., Inc.	4
CBS Television Network	
CBS Television Stations	29
Channel 2 Broadcasting Co./KTUU-TV	1
Citadel Communications Co., Ltd.	4
Cordillera Communications	11
Cox Television	14
CW Network	
Davis Television	1
Dispatch Broadcast Group	2
Diversified Communications	2
Drewry Group	5
Duhamel Broadcasting Entprses.	4
Emmis Communications Television	1
Entravision Communications Corp.	17
Equity Broadcasting Group	18
EW Scripps Company	10
Fisher Broadcasting	12
Fox Television Network	
Fox Television Stations Inc.	37
Freedom Communications	9
Gannett Broadcasting	23
Granite Broadcasting Corporation	10
Gray Television	33
Hearst-Argyle Television, Inc.	36
Heritage Broadcasting Co.	2
Hoak Media, LLC	15
Hubbard Broadcasting	13
ION Media Network	
ION Media Network Television Stations	56
Iowa Public Television	8
Journal Broadcast Group	9
Landmark Communications	2
LIN TV Corporation	32
Lincoln Financial Media	3
Lockwood Broadcasting	3
Malara Broadcast Group	2
Maryland Public Broadcasting	5
Max Media LLC	9
McGraw-Hill Broadcasting Group	4
McKinnon Broadcasting, Inc.	3

Company	Stations represented
Media General Broadcast Group	21
Mel Wheeler, Inc.	2
Meredith Corporation Broadcasting Group	12
Morgan Murphy Media	5
My Network TV	
NBC Universal Television Network	
NBC Universal Television Stations	12
Nebraska Educational Telecommunications Comm.	8
News-Press & Gazette	6
NexStar Broadcasting Group, Inc.	31
Northern California Public Broadcasting Inc.	3
Northwest Broadcasting, Inc.	5
Pappas Telecasting Companies	17
Post-Newsweek Stations, Inc.	6
Prime Cities Broadcasting	2
Quincy Newspapers, Inc.	11
Ramar Communications	4
Raycom Media, Inc.	35
Red River Broadcast Company, LLC	7
Rogers State University Public TV	1
Saga Communications, LLC	3
Sagamore Hill Broadcasting	8
Sarkes Tarzian Television	2
Schurz Communications, Inc.	9
ShootingStar Broadcasting	1
Sinclair Broadcast Group	51
Southeastern Media Holdings, LLC	3
Southern Broadcast Corporation	3
Sunbeam Television Corporation	3
Sunbelt Communications Company	15
Telemundo Group, Inc.	15
Telemundo Network	
The Victory Television Network	3
Tribune Broadcasting Company	24
Trinity Broadcasting Network	24
United Communications Corp.	2
Univision Communications, Inc.	40
Univision Network	
Wilson Broadcasting	1
Woods Communications	2
West Virginia Media Holding	4
Withers Broadcasting	3
Young Broadcasting, Inc.	9
Total	939

Endorsements received as of 11:30 a.m. ET October 15, 2007.

The CHAIRMAN. Thank you very much.
May I now call upon Mr. McSarrow.

**STATEMENT OF KYLE E. McSLARROW, PRESIDENT AND CEO,
NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION**

Mr. McSLARROW. Mr. Chairman, Mr. Vice Chairman, Senator McCaskill, thank you very much for asking me to be here today.

Two years ago, a little over, I testified before this committee, and there were two overarching issues, with respect to the cable industry, involving the digital transition. And, even though this is, obviously, a broadcaster digital transition, we made two commitments to you. One was that we would not just participate in, but we would lead, an education campaign for all Americans so that they'd understand the transition is coming, what the impact will be for

owners of analog, rabbit-ear televisions, and how those consumers could get help, and where they could go to get more information on how to manage the transition.

We were pleased, in early September, to announce a multifaceted campaign, including a \$200 million television campaign in both English and Spanish. We're actually now starting, this week, our second run of advertising spots. And, throughout all of that, we are working not just with the FCC and the NTIA, but our coalition partners—and, obviously, as Commissioner Adelstein mentioned, working with FCC commissioners and Members of Congress and your staffs to get input as to what direction we should go with the advertising campaign.

The second commitment we made was recognizing that what's unique about this transition is that the broadcasters literally stop broadcasting in analog, and now will broadcast exclusively in digital. We had an issue with what we do with about 45 percent of our customers who receive and are analog-only customers. And we made a commitment that we would try to ensure that the transition was seamless. Working with you, Mr. Chairman, and Mr. Vice Chairman, particularly, we were able to develop a plan so that we could transmit in both digital and analog, and the FCC, as you undoubtedly know, recently adopted an order producing that result. So, in both categories, in terms of education and in terms of ensuring that all of our customers receive all of the signals, I think we are well on our way.

Finally, as the earlier panel demonstrated, there is still a lot more work to be done. The cable industry, as I know, with my colleagues here, stands ready to do what we can to help. We want to be a partner with the government. I think a certain amount of accountability would be a great thing to have injected into the process. And we understand that we are the last line between the decisions that policymakers make and our customers, and we want to do right by our customers, working with you.

So, thank you for your leadership.

[The prepared statement of Mr. McSarrow follows:]

PREPARED STATEMENT OF KYLE E. MCSLARROW, PRESIDENT AND CEO,
NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION

Chairman Inouye, Vice Chairman Stevens and Members of the Committee, my name is Kyle McSarrow and I am President and CEO of the National Cable & Telecommunications Association. NCTA represents cable operators serving more than 90 percent of the Nation's cable TV households and more than 200 cable program networks. The cable industry is also the Nation's largest broadband provider of high speed Internet access after investing \$110 billion to build out a two-way interactive network with fiber optic technology. Cable companies also provide state-of-the-art digital telephone service to millions of American consumers.

In roughly 15 months, this country will embark on a dramatic change in over-the-air broadcast television. A successful transition to an all digital broadcast system will make valuable spectrum available for public safety, increase choice and competition through wireless broadband services, and deliver significant benefits to television viewers.

Nearly 2 years ago, I testified before this Committee and made one overarching commitment to you. Although this is a broadcast television transition, the hard date of February 17, 2009 represents a unique moment and a unique opportunity, and I committed to you that the cable industry would do its part to ensure the transition's success in two significant ways.

First, despite our firm and long-held view about the Constitutional infirmities of a government-mandated regime that requires cable operators to carry all must carry

broadcast stations in both digital and analog formats, we committed to provide a seamless transition for all of our consumers, analog and digital alike. As you will recall, we worked with you to include a carriage commitment in the bill that passed out of this Committee in June 2006, but the bill was not subsequently considered on the Senate floor.

Since that time, Mr. Chairman, we worked with you and Senator Stevens, your staffs, and other members of this Committee to craft a 3-year voluntary carriage commitment. The FCC recently approved an order the outline of which mirrors our voluntary 3 year plan. The FCC's order is, however, deficient in one major respect. Instead of taking into account the circumstances of small operators and cable systems with low capacity with an exemption as this Committee did on a bipartisan basis in 2006, the FCC order largely punts this question to a further notice of rule-making.¹ This Committee has previously recognized that the imposition of dual carriage mandates on low capacity systems adversely affects other important goals like the continued rollout of broadband to rural America. The FCC should act now to approve a simple exemption that takes into account the circumstances of small operators and low capacity systems.

Mr. Chairman, our second commitment was that we would help lead, not just participate in, a nationwide consumer campaign to alert all Americans about the digital transition and educate consumers about the tools available to help manage the transition.

Together with the NAB, CEA, consumer retailers, public broadcasters, and other key groups, NCTA is proud to have founded the DTV Transition Coalition last year. And we remain committed to working with this Coalition and with many other consumer and interested organizations to educate the millions of Americans who will be affected by the digital transition.

In early September of this year, the cable industry launched an extensive consumer education campaign. Including English and Spanish language TV advertising valued at \$200 million over the next year and a half, this initiative is designed to reach millions of cable and non-cable viewers with useful information about the upcoming transition. We are now in a second run of advertising spots, with our current spots focused on alerting consumers to the NTIA's coupon program for digital-to-analog converter boxes that starts next January.

But again, Mr. Chairman, as you and Senator Stevens have advised, our commitment extends far beyond just simply running television ads. Thus, we have already revamped NCTA's website (www.ncta.com) which now focuses predominantly on the digital transition. And we have created English and Spanish-language websites linked to our homepage that provide consumers with easy-to-understand information, advice and other information about the transition, including links to other government, consumer and industry websites focused on the transition. In addition we will:

- Send educational messages and reminders about the transition to all cable customers through monthly statements on invoices and "bill stuffers" in cable bills, including information about NTIA's coupon program once the coupons become available;
- Create local origination and on-demand programming to provide tutorials on the benefits of the digital transition, and how cable can help customers navigate through it;
- Create and distribute to all our companies a customer communication "tool kit" which will include:
 - invoice messages to be included on billing statements;
 - electronic messages for digital cable boxes;
 - on-screen scrolls for local origination channels;
 - telephone "on-hold" messaging for customer call centers;
 - sample e-mails to be sent to broadband customers; and
 - website "banners" for MSO and network websites.

I would note that many of these ideas came from members of this Committee. And we remain open to other ideas on how we can help. Thus, we are currently working with a variety of consumer groups and grassroots organizations with varied mem-

¹The FCC did include a process whereby operators with systems of 552 MHz or less of capacity could apply for waivers, but given the FCC's poor record on waiver requests in other contexts, this is little more than window dressing and unnecessarily burdensome.

berships and constituencies to see how we can help through other media, such as print or other forms of communication.

Chairman Inouye, Vice Chairman Stevens, I would like to thank you, and all the Members of this Committee who have worked so hard to keep this issue in the forefront. I am proud of all that the cable industry is doing voluntarily to help ensure that the transition to digital broadcasting is a success, and I look forward to continuing to work with this Committee as we approach the date of the transition. I would be pleased to answer any questions you may have.

The CHAIRMAN. Thank you very much.
May I now call on Mr. Lawson.

**STATEMENT OF JOHN M. LAWSON, PRESIDENT AND CEO,
THE ASSOCIATION OF PUBLIC TELEVISION STATIONS**

Mr. LAWSON. Mr. Chairman, Mr. Vice Chairman, members of the Committee, thank you for inviting me to testify.

Public television strongly supports the DTV transition, as we have from day one, by word and deed. In the past, I've testified before this committee on the transition. Today, it's different. The hard date is 16 months away, the time for action is now.

This past Monday, we joined with the NAB and announced a major commitment of air time by local public stations to inform consumers of the analog switch-off and what steps they need to take. Given public television's limited time for underwriting credits, this is a major contribution. In fact, the economic value of this commitment exceeds \$50 million.

However, we believe the success of the transition still faces unnecessary risk. Air time and websites are not enough. I'm not aware of a single Member of Congress who was elected with TV spots, alone. Direct mail, town meetings, events at senior centers, phone banks, hands-on assistance are all necessary components of a successful conversion campaign.

To illustrate the challenge, our latest survey research indicates that more than 50 percent of Americans have no idea that the transition is even occurring. Even fewer have awareness of the options available to them to continue their television service. Additionally, few people—to your point, Mr. Chairman—understand why they are being forced to make a change. The majority of people surveyed said the Federal Government itself is on the wrong track when it comes to the transition. That distrust is even greater among people who have the least awareness of the switch-off.

So, based upon our survey data and other findings, we recommend the following actions by Congress and other key players:

First, Congress should make a real financial commitment in consumer education. Congress has set aside only \$5 million, and that is narrowly limited to education about the NTIA coupon program. Yet, the Federal Treasury is expected to net, at minimum, \$12.5 billion from the spectrum auction. A greater investment in marketing, so that spectrum actually becomes available, is just a sound business decision.

To fund a true grassroots campaign, we are asking Congress to invest an additional \$20 million, at least. Our efforts, in concert with other not-for-profits, would focus on reaching the most vulnerable Americans, including the elderly. We applaud Senator Kohl and the Aging Committee for their work in this area, but it's cru-

cial that most of these funds be obligated in this appropriation cycle, because the analog switch-off is so close.

Second, Congress and the FCC must ensure that the digital signals of local public stations are carried by satellite providers. Beginning in 2005, we have reached landmark private agreements with the NCTA, ACA, and Verizon to carry the HD and multicast programming from all public stations.

From DBS, however, the situation is far different. Neither DIRECTV nor EchoStar are carrying the HD signals of a single public television station that we know of, let alone our multicasting. However, both companies are carrying the local HD signals of the commercial network affiliates. We would prefer a private-carriage agreement, but we are running out of time. Although we have made some progress with DIRECTV and we believe that they are negotiating in good faith, an agreement is not in hand. Our negotiations with EchoStar have gone nowhere. We need Congress to help ensure that the American people have access to their public television.

Third, as the FCC continues testing of unlicensed devices intended for the broadcast white spaces, we ask Congress to conduct vigilant oversight. The end game of this transition is exactly the wrong time to introduce thousands of devices that have the potential to destroy the pictures that consumers see on their DTV-enabled sets.

Fourth, we call on Congress to ensure that the FCC expedites rules for digital translators which are long overdue.

Finally, we urge Congress to continue to support public television in creating the new content and services that will drive consumer demand for DTV.

Mr. Chairman and Mr. Vice Chairman, in an era when media ownership is concentrated in fewer and fewer hands, public stations are the last locally owned and operated media outlets in many communities, and free over-the-air television, both public and commercial, is essential to the health of this Nation's media marketplace and our democracy. The key policy goal of this transition must be the preservation of free over-the-air television, including public television, for our country.

In conclusion, we appreciate your lifelong support for public television and radio. We also share your desire for a successful transition. Our recommendations today are delivered in the spirit of making this transition successful.

I look forward to your questions. Also, Mr. Chairman, I'm prepared to conduct a short demonstration of DTV, using a digital-to-analog converter box, after the panel or whenever you're ready.

[The prepared statement of Mr. Lawson follows:]

PREPARED STATEMENT OF JOHN M. LAWSON, PRESIDENT AND CEO,
THE ASSOCIATION OF PUBLIC TELEVISION STATIONS

Overview

Public Television strongly supports the digital transition, as we have by word and deed from the very beginning. Public Television stations have spent a decade educating state and local governments, the Federal Government, local donors and our viewers nationwide about the benefits of digital television and its impact on the citizens we serve. This effort raised over \$1.3 billion for the digital conversion of our

facilities, enabling Public Television stations to roll out a new generation of consumer friendly channels and services.

Public Television is committed to a vibrant transition and our stations are doing all they can to ensure a successful transition. To that end, this past Monday, we announced our commitment to a consumer education campaign that dedicates airtime, as well as print and Internet resources. This campaign includes DTV action spots across daytime, prime time and weekend time periods. This campaign represents a \$50 million commitment by Public Television and will result in 3 billion impressions on the American public. Additionally, our stations will produce long form programming and disseminate information on their websites and in their program guides. Given Public Television's very limited number of non-programming minutes, this commitment represents a significant percentage of available time. With adequate resources, Public Television stations and our not-for-profit partners are uniquely positioned to go beyond this on-air commitment to provide direct, on-the-ground educational outreach to the American public to guide them through this transition.

We believe that developing and promoting the consumer benefits of DTV is the best way to drive the transition and preserve free, over-the-air television. The message needs to be clear that digital television provides a future of expanded programming and services to benefit all consumers. Simply highlighting the potential loss of service if consumers do nothing will not drive the kind of enthusiasm and momentum needed to ensure a smooth transition that the American public fully supports. No sector of the communications industry has embraced the promise of DTV more robustly than Public Television. An investment in the new generation of digital content and services from Public Television is a very effective way to increase value for the consumer and move the transition forward, as we have seen in other countries, notably the United Kingdom.

However, we believe the success of this transition faces unnecessary risk. Time still remains to address and mitigate the factors that are contributing to this risk, but with only 16 months and effectively one Federal budget cycle remaining before analog television broadcasting is mandated to end, the window for action is closing. Our latest survey research indicates that more than 50 percent of Americans have no idea that the transition is occurring. Additionally, the majority of recent survey participants said the Federal Government is on the "wrong track" when it comes to the transition. That distrust is even greater among people who have the least awareness of the transition.

When Congress enacted the recent Medicare prescription drug benefit, the Department of Health and Human Services obligated approximately \$109 million to advertise, educate and inform beneficiaries about the Medicare Part D program. This equates to approximately \$3.11 per senior. In comparison, Congress has set aside only \$5 million for DTV transition consumer education, and that is narrowly limited to education about the NTIA set-top box coupon program. This equates to approximately \$0.08 per over-the-air individual. This funding is woefully inadequate, especially when one factors into account the \$12.5 billion the Federal Government is expected to receive in revenue, at minimum, from the spectrum auction.

We are requesting, as we have since 2005, that the Federal Government invest meaningfully in a comprehensive consumer education campaign. The analog switch-off is not exactly market driven. Despite the enormous sums spent by industry stakeholders on the development and rollout of digital television, there is no dispute that for the past 20 years, the DTV transition has been a matter of industrial policy. Now, the Federal Government, as a primary beneficiary of the transition, must ensure that the transition is completed successfully. This requires that additional, meaningful Federal resources are invested in consumer education. At an absolute minimum, we believe that an additional \$20 million in Federal funding is needed for community outreach where seniors, non-English speaking people and other vulnerable populations reside.

We also believe that it makes enormous sense for the high-technology companies that have pushed relentlessly for a national "hard date" and who will have massive investments in the spectrum at stake to assume some responsibility in educating Americans about the conversion deadline. They need to help us ensure that February 17, 2009 is nothing more than "just another Tuesday." After all, if the transition is not successful—and multitudes of Americans experience a Tuesday they will never forget—all these investments will be put at great risk.

Finally, it is essential that the transition preserves and protects high-quality local media, programming and services. We already have a landmark agreement with the cable industry to carry our new digital signals. We need the same with direct broadcast satellite companies. And it is very important that consumers are protected from

harmful interference to their DTV reception by the premature introduction of unlicensed devices into the broadcast band.

Public Television's Consistent Support of the Transition

Even though my remarks today advocate changes in the Federal Government's approach to the transition, nothing in my testimony should be interpreted as opposition to the "hard date" to end analog broadcasting. In fact, our recommendations are all intended to *increase* the odds that the transition, as scheduled, will be successful. Our call for a much greater investment in consumer education is nothing new. For example, in my testimony to the Commerce Committee in July 2005, we supported a hard date *and* called for a "Y2K-level" effort around consumer awareness for a successful transition. I also pointed to the unsuccessful attempt in the 1960s and 1970s to convert America to the metric system as a reminder that consumer education campaigns can, and do, fail.

So, I want to reiterate Public Television's support for the hard date to terminate analog broadcasting in February 2009. Stringing out analog broadcasting would be highly detrimental to Public Television. Currently, our stations are spending \$32 million annually just for electricity to run their analog transmitters, and another \$20 million to maintain them. This is money that should be going to programming and services, not to the power bill and the production of more greenhouse gases.

Public Television has supported a successful transition because of the tremendous service opportunities digital television broadcasting has created. DTV is enabling public broadcasters to rollout a new generation of programming and services for the American public and, in effect, reinvent public service media for the digital age. We are already beginning to realize this tremendous potential as local stations provide not only high-definition programming, but multiple new standard definition channels and new datacasting services, all simultaneously.

Public Television stations have embraced the opportunities presented by digital, offering new digital channels such as *World* (an aggregation of public affairs programs), *Create* (lifestyle and how-to-programs) and *V-Me* (our first Spanish language Public Television channel). In addition, new localized content is being produced by Public Television stations to meet the interests and needs of their local communities.

We are also using DTV to enhance public alert and warning. In April 2007, APTS and the Department of Homeland Security/FEMA began the national deployment of the Digital Emergency Alert System (DEAS). Once fully implemented, Public Television's digital television infrastructure will facilitate the delivery of Presidential emergency alert messages to digital televisions, radios, cell phones, PDAs and computers.

This DEAS deployment is a testament to the wide-range of expanded opportunities digital transmission presents, and we look forward to working with Congress to find other opportunities to expand the successful DEAS model in addressing disaster and homeland security needs throughout the country. In particular, I would like to commend Senator DeMint for his leadership in authoring the WARN Act, which laid the groundwork for an expansion of the emergency alert system to commercial mobile service providers.

Recent breakthroughs also allow for the delivery of video programming on mobile devices using local stations' DTV signals. Public Television has been a full partner in developing this new platform, including our membership in the newly-formed Open Mobile Video Coalition.

These new digital services are the future of noncommercial, public service media in America, and our stations are eager to phaseout our legacy analog services and focus on this digital future.

Polling Data: 21.5 Million Households at Risk

Public Television is fully committed to the digital future. However, we are gravely concerned that many of the 21.5 million American TV households who depend upon over-the-air broadcasting to receive our programming will be stranded if we proceed with an under-funded consumer education campaign and an unmanaged transition process.

Beginning in November 2006, APTS commissioned the polling firm CENTRIS—which specializes in tracking consumer use of electronics products and services—to conduct scientific surveys of American television consumers to guide us in our transition efforts. I am happy to share our *latest* findings from the third quarter of 2007 with the Committee this afternoon:

- More than half of all surveyed Americans (51 percent) say they have "no idea" the transition is taking place. This is a 10 percentage point improvement from the last quarter of 2006, but it is still unacceptable.

- Only 7 percent of survey respondents, when asked when the transition would end, could accurately answer “between one and two years.”
- There is great confusion about what consumers will do to deal with the transition. More than half of all respondents (54 percent) say they either “don’t know” what they will do or will “do nothing” to receive television after the transition.
- Every Federal office holder has a stake in the success of the DTV transition. Of those surveyed, 55 percent of participants said the government was on the “wrong track” with the transition.
- The more consumers reported knowing about the transition, the more likely they were to say the government was on the “right track.” Of those who were “aware” 22 percent said the government was on the “right track.” Only 7 percent of “unaware” said the government was on the “right track.”
- The CENTRIS data confirms that older Americans are at a disproportionately greater risk of being left behind when the conversion occurs. Older Americans (24 percent) are more likely to receive their signals via an over-the-air antenna than are Americans under 65 (19 percent).
- Over the past 3 years, older Americans (41 percent) have bought newer TV sets at a much slower pace than Americans under 65 (55 percent), which puts them at a disadvantage of having little exposure to newer digital technology and point-of-sale information.
- The number of over-the-air households has changed little since 2004. It currently stands at approximately 21.5 million households, which represent approximately 61 million individuals.

Recommendations for Action in Time Remaining

Based upon this survey data and other findings, we recommend the following actions by Congress and other key players in the DTV transition.

1. Congress must provide a real financial investment in consumer education. It is clear that the Administration will never allocate, nor even request, funding for this basic necessity of a national DTV consumer education campaign. As such, we call on Congress, as we have for infrastructure conversion funds, to allocate resources for consumer education. We are not talking about a new, permanent Federal program, but a one-time, substantial outlay in basic public education activities.

I have outlined how Public Television, along with our commercial colleagues, will invest significant resources in DTV consumer education. However, our efforts alone will not be enough. I’m not aware of a single Member of Congress who was elected through TV spots alone. Direct mail, town meetings, events at senior centers, phone banks and similar tactics are all necessary components of a successful campaign. The government itself is a major stakeholder and must provide additional funds for a comprehensive grassroots campaign.

To fund the appropriate level of activities needed to undertake the campaign, we ask Congress to invest a minimum of \$20 million for grassroots consumer education and outreach. These funds would be distributed through our local public stations and our not-for-profit partners in the community.

Public Television is perfectly suited to undertake this endeavor, as we have been at the frontline of educating elected officials, corporations and our viewers about the transition for the past decade. Additionally, by virtue of their educational mission to address underserved populations through broadcast media and person-to-person outreach, local Public Television stations have deep and effective ties to the many local institutions, organizations, advocacy groups and service providers that directly communicate with these constituents.

Public Television stations also possess an unparalleled universal broadcast coverage (99 percent of American households in analog and currently 96 percent in digital), a local presence in each community, a nonprofit educational mission and a history of effective outreach projects that bring information and guidance to Americans beyond the television screen. It is also clear that Public Television has America’s trust, as reflected by four consecutive years of Roper polls, which ranked Public Television as the most trusted institution in our country.

This combined experience and high level of public trust provide us with the expertise and tools necessary for managing a national grassroots consumer education campaign. We are prepared and eager to undergo this campaign, but it will take a commitment by Congress to make adequate investments in consumer education to ensure that no viewer is left behind.

2. We call on Congress to ensure digital carriage of local Public Television stations by direct broadcast satellite (DBS) companies. Localism is at the heart of public broadcasting, but the multitude and diversity of local voices are threatened by a

transition to digital that does not guarantee carriage by DIRECTV and EchoStar, which together serve nearly 30 million customers.

In FCC filings, both DIRECTV and EchoStar have questioned the Commission's authority to require satellite carriage of digital stations, and have made clear their preference to carry, at the most, a single SD stream instead of HD and multicast programming. This is unacceptable.

In 2005, Public Television negotiated a historic agreement with the National Cable & Telecommunications Association to ensure HD and multicast carriage on major cable systems. In August 2007, we finalized a similar agreement with the American Cable Association, which is pending ratification by ACA members. An agreement has also been reached with Verizon.

To better compete with the growing array of digital programming offered by cable systems throughout the country, DBS providers have introduced both national and local digital programming in numerous markets. DIRECTV and EchoStar have aggressive plans to expand the carriage of local digital stations to new markets in the near future.

However, in those markets where local digital signals are being carried, neither DIRECTV nor EchoStar is carrying the HD signals of a single Public Television Station. In these markets, both companies are carrying the local HD signals of NBC, CBS, FOX and ABC.

Mr. Chairman and Mr. Vice Chairman, there is a gaping hole in guaranteed digital carriage of our local stations when it comes to satellite. Yet, we know that many communities rely on satellite as their only available source of subscription television services and, in some cases, is the only way they can get any local TV service. Without guaranteed carriage of our Public Television stations in the communities served by DBS providers, consumers in those communities are at risk of losing local television service and missing out on the expanded digital services Public Television stations are offering.

We would prefer a privately negotiated carriage agreement, but we are running out of time. Although we have made some progress with DIRECTV, we still do not have an agreement. Our negotiations with EchoStar have gone nowhere.

In an era when media ownership is concentrated in fewer and fewer hands, Public Television stations are the last locally owned and operated media outlets in many communities across America. We call on Congress to help us ensure that these local stations are carried on satellite services, so that all Americans, no matter how they receive their television signals, are able to watch the programming they helped fund.

3. Similarly, protecting the consumer's ability to receive high-quality local television transmissions is essential to ensuring a vibrant transition to digital. As the FCC continues to conduct testing of unlicensed devices intended for operation in the broadcast "white spaces," Congress must conduct vigilant oversight. No unlicensed devices should be deployed until there is certainty that they will avoid harmful interference to DTV broadcast services. The middle of this digital transition is exactly the wrong time to introduce thousands of devices that have the potential to destroy the pictures that consumers see on their DTV enabled sets. The planned transmission of video to mobile devices through DTV transmission raises the requirements for non-interference even higher.

4. We call on Congress to ensure that the FCC expedites rules for digital translators. Mr. Chairman and Mr. Vice Chairman, there is an untold story when it comes to viewers served by translators. Without channel assignments and final rules for the conversion of these translators, which relay television signals to rural and mountainous areas, many of our stations are in limbo with regard to serving all of their viewers. Some stations are planning on down-converting their signals while others plan on a "flash-cut" to digital, but stations lack clear guidance on how to deliver broadcast signals to viewers dependent on translators. In addition, this is another area where consumer education is critical.

5. Finally, we urge Congress to continue to support Public Television in creating the new content and services that will drive consumer demand for DTV. We believe that stressing the consumer benefits of DTV is the best way to move the transition forward and preserve free, over-the-air television. An investment in the new generation of digital content and services from public *digital* television is an extremely effective way to increase consumer benefits, as we have seen in other countries.

We applaud Congress for preserving advance funding for the Corporation for Public Broadcasting (CPB) in the House and Senate Budget Resolutions, as well as the Labor-HHS-Education bill as reported by the Appropriations Committees in both chambers and passed by the House. This has provided the first increase in the regular CPB appropriation in 4 years. But our funding since 2001 has not kept up with inflation, let alone provided for the new digital content that will help drive the tran-

sition for television viewers nationwide. We hope that Congress can continue to grow CPB funding in future years.

We also applaud Congress and the members of this Committee in particular for your foresight in recognizing the value of new digital programming and services for your constituents. As such, you made a significant investment in Public Television's infrastructure that will help to ensure those services are delivered into every home in America. As stations' digital infrastructure needs ramp down, a new challenge beckons. We call on Congress to make the same commitment to the future of digital services by transitioning its investment in infrastructure into an investment in new digital public broadcasting content.

Congress took the first step in this direction by endorsing the American Archive, an initiative to preserve, digitize and make widely available public broadcasting content from the past half century, as well as new digital content created today. The American Archive will ensure that the truly amazing amount of public broadcasting programming that Americans have paid for does not sit locked away, deteriorating, on aging tape and film. This programming represents the most comprehensive chronicle of our Nation's history, our people, our culture and our democracy. It has enormous continuing value to current and future generations and must not be left to fade away.

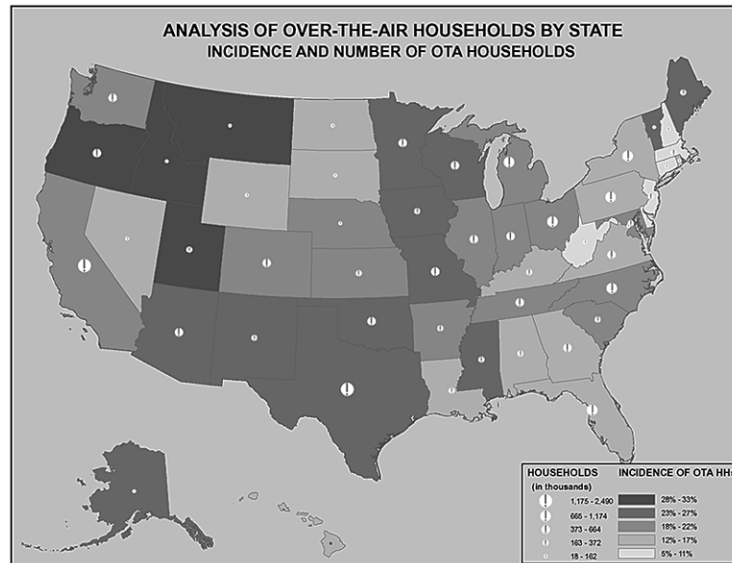
Preservation of Free, Over-the-Air Television

As one of the last locally owned and operated media outlets in the country, we believe that preservation of free, over-the-air television should be a cornerstone public policy goal of Congress and the FCC. Over-the-air broadcasting is essential to the health of this Nation's media marketplace and our democracy. It provides a powerful tool for consumers against the rising cost of cable and satellite. It offers an outlet for local voices in diverse communities throughout the Nation. Over-the-air television service is freely available to every American no matter their income level and is not limited by the carriage decisions of cable or satellite. From our perspective, the fundamental policy goal of the digital television transition is preservation of free, over-the-air television, available now in an exciting, new digital format.

Mr. Chairman and Mr. Vice Chairman, we appreciate your lifelong support of Public Television and Radio in our country. We also share your desire for a successful digital television transition. Our recommendations today are delivered in the spirit of making this transition successful. I appreciate this opportunity to testify, and I look forward to your questions.

APPENDIX A

United States Map of Over-The-Air Households



APPENDIX B

APTS AND PBS PRESS RELEASE ON DTV CONSUMER EDUCATION INITIATIVE

For Immediate Release:

Contact: Tania Panczyk-Collins

APTS and PBS Announce Major Public Television Initiative to Educate Viewers About the DTV Transition

Washington—October 15, 2007—The Association of Public Television Stations (APTS) and PBS announced the next phase of Public Television's aggressive campaign to educate viewers about the fast-approaching mandatory DTV Transition. Public Television's efforts will focus on the hard-to-reach households that receive television only through over-the-air signals.

A major component of the campaign includes the commitment by local Public Television stations to air multiple DTV Action Spots throughout the DTV transition. Lawson said: "Our stations have committed to air DTV Action Spots across daytime, primetime and weekend time periods. Over a sixteen-month campaign, this equals more than 3 billion broadcast impressions educating viewers about the transition. Given Public Television's limited number of non-programming minutes, this represents a significant percentage of our available time."

Public Television's consumer education campaign will incorporate numerous tools developed by APTS, PBS and individual stations in addition to broadcast. Lawson said: "Our stations have committed to using their printed program guides, their websites and special mailings to extend the reach of their consumer education." Information will be available through *pbs.org*, one of the most highly traffic dot-orgs on the Web. The value of Public Television's airtime and other resources that will be used for the consumer outreach campaign exceeds \$50 million. Public Television's consumer education campaign will touch the most difficult-to-reach over-the-air households. For example, over-the-air viewers are greatly over-represented in Public Television's viewer and membership base.

"It's an important part of our public service mission that Public Television remains accessible to all Americans through free, over-the-air broadcasting," said Paula Kerger, PBS President and CEO. "Working together, Public Television stations and national organizations are planning a comprehensive, multi-phase campaign to help everyone make the transition, especially those millions of people who rely on over-the-air exclusively."

A recent APTS survey found that broadcasters' consumer awareness campaigns are having a positive effect of getting consumers to take action. The percentage of respondents who said that they "don't know" what they will do between now and the transition fell from 31.6 percent for those who are unaware to 15.2 percent of those who are aware. Lawson said: "Those who are aware of the transition are more than twice as likely to buy a set-top box to continue to receive free, over-the-air television, versus subscribing to satellite television, the next highest response. They are three times as likely to choose free television over subscribing to cable."

The APTS survey, however, suggests that while increasing consumer awareness of the transition is essential, awareness alone is not enough. Lawson said: "Forty percent of Americans who are aware of the transition still do not have enough information to enable them to take meaningful action. We need a sustained, targeted grassroots consumer education initiative to reach this population. And, the government needs to invest heavily in it."

Lawson said: "When Congress created Medicare Part D, the Department of Health and Human Services obligated almost \$109 million to advertise, educate and inform beneficiaries. In comparison, Congress only set aside \$5 million to educate the American public about the transition to digital."

**Consumer Awareness of the
Digital TV Transition:
Wave I APTS Tracking Study**



CENTRIS
An AUS Company



Objectives of the Awareness Tracking Program

The tracking program has several objectives:

1. Measure and track awareness of the DTV transition program and its end date among over-the-air households and among cable and satellite subscriber households
2. Gauge consumer understanding of the reasons for the DTV transition
3. Examine the steps that over-the-air households are likely to take in advance of the February, 2009 end of analog service
4. Build an understanding of why consumers are unlikely to take timely action
5. Overall perception of whether the government is on the right track or the wrong track with respect to the DTV program
6. Assess how consumer choices may be influenced by public TV viewing and membership.

To put these findings in their proper context, the appendix contains 2nd quarter 2007 CENTRIS data focused on the number and behavior of current over-the-air households in the US.



Study Methodology

•The APTS tracking study consists of a series of survey questions run as omnibus items in the larger CENTRIS Survey.

•The CENTRIS Survey program involves a continuous household, nationwide telephone survey—running daily throughout the year

- It is focused on telecommunications, consumer electronics and entertainment products and services
- CENTRIS used random digit dialing survey methodology that is projectable to households
- 1,000 completed surveys per week every week
- Over nine years of history and tracking
- Ability to adjust survey at any time to track propensities and level of interest in new and emerging products
- Ability to add proprietary questions and to oversample client-defined markets
- This is not a panel, it is a cross-sectional study and is not subject to bias attributable to panels.

•The survey data used for this report was collected between August 8 and August 22, 2007.

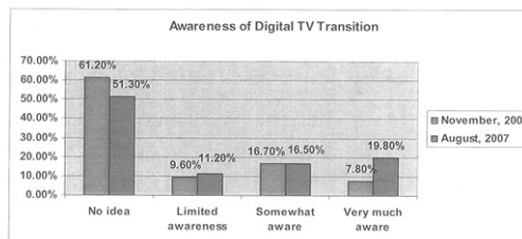
•The sample consisted of respondents from 1,153 households in total. Of these, 274 respondents were from over-the-air households.

•Many of the questions used in the tracking survey were used earlier in a survey conducted for APTS in November, 2006. Data from this survey will be compared to that earlier effort to provide perspective on how awareness of the DTV transition has changed in the previous 9 months.



Findings: Awareness of the DTV Transition Program

Q. DT-1 The Federal government has mandated that television stations will transition to digital broadcasting. That is, TV stations will no longer be able to broadcast analog TV signals. This will mean that analog television sets will no longer be able to receive broadcast signals over the air through antennas. Such television sets, will however still work on cable and/or satellite TV networks. How aware were you of this digital TV transition?



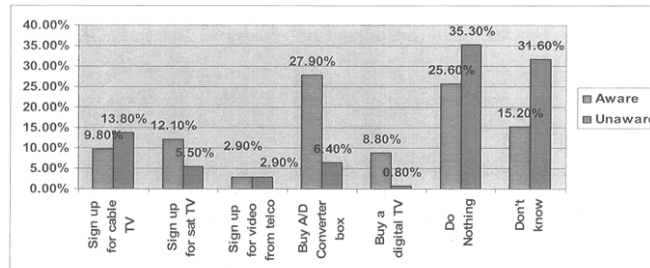
These data suggest that there has been some modest improvement in the awareness of the DTV transition since last November, however, 51% still have no idea that the transition is occurring.



Findings: Steps Likely to be Taken by Over-the-Air Consumers

In this analysis comparisons were made between those who were aware of the transition and those who had no idea it was occurring

DT-5. Which on or more of the following actions are you most likely to take between now and when the Digital TV transition takes effect?

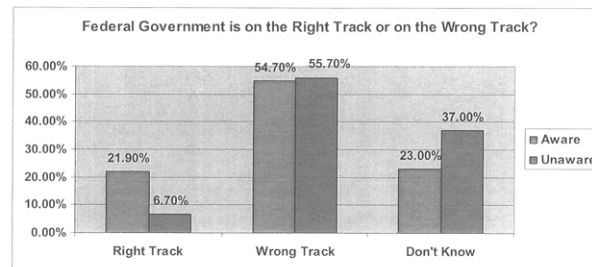


Clearly, consumer awareness counts for a lot in this situation. Those who are aware are *more likely* to buy a converter box or a digital TV and are *less likely* to "do nothing" or to report they "do not know"



Findings: The Government is Perceived to be on the Right Track or on the Wrong Track

D-10. Considering what you know of what will be required of consumers as part of the digital TV transition, do you think the federal government is heading in the right direction on this issue, or are they off on the wrong track?



In general, the DTV Transition program is viewed as being on the "wrong track". Those who report being aware of the program are *more likely* to see it as being on the right track and, not surprisingly, are *less likely* to report that they do not know how they view the program



The CHAIRMAN. Do it now.

Mr. LAWSON. So, what we have here are two analog television sets. These are both Senate-issued sets. I don't know where we got them probably from somewhere in the Commerce Committee offices. One of them is receiving analog television, the other is receiving digital television. They are both using standard consumer rabbit-ear antennas. The set-top box, on the left is from LG, marketed under the Zenith brand. This is a prototype of a model that has been certified by the NTIA, as I understand it, and will be available for the coupon program.

So, this is a very small form factor. This sits right on top of the set. And, again, it's using the regular antenna.

One of the key points is that the way to make the transition successful is not so much to focus on people's televisions not working after February 2009, but really focus on consumer benefits of digital television.

In the case of public television, we are using our digital capacity for high definition, which, even on an analog set, looks good, but you can see there is a program guide which comes over the air for free with the rest of the signal. WETA, right now, is broadcasting three standard-definition channels along with the high-definition channel; all using individual digital television channels.

So, here is WETA channel 26.1, and I will simply change the channel. This is another WETA standard-definition multicasting channel, called "Create." Between DTV transmission and our deal with the cable industry, we have spurred the creation of new multicasting channels—Create, Travel and Lifestyle. This is PBS Kids, another standard definition multicast channel, again, free over-the-air. And the third one from WETA is our world channel—big in the news and public affairs coverage that public television has continued and ramped up. This is a rebroadcast of "The War," by Ken Burns.

So—

Senator McCASKILL. Starring the Chairman, I might add.

[Laughter.]

Mr. LAWSON. So, I know you've seen this before, but I think it's important to remember what this is all about. This is free over-the-air television. We're very proud of it. And we'd like to make sure that a lot more Senators know that they can get this through cable or over the air, and over the air is free.

The CHAIRMAN. Thank you.

Is that the \$40 one?

Mr. LAWSON. Sir?

The CHAIRMAN. Is that \$40?

Mr. LAWSON. I'm not sure what the price point will be.

Mark?

Mr. PEARL. The—around \$65.

Mr. LAWSON. Around \$65.

Mr. PEARL. Minus the \$40.

Mr. LAWSON. So, the coupon is a \$40 coupon.

The CHAIRMAN. Thank you.

Mr. LAWSON. Thank you.

The CHAIRMAN. Our next witness is Mr. Gieselman, Senior Vice President. "Gizelman?"

Mr. GIESELMAN. "Geezelman."

The CHAIRMAN. "Geezelman."

Mr. GIESELMAN. Yes.

**STATEMENT OF JON GIESELMAN, SENIOR VICE PRESIDENT,
ADVERTISING AND PUBLIC RELATIONS, DIRECTV, INC.**

Mr. GIESELMAN. Chairman Inouye, Vice Chairman Stevens, Senator McCaskill, my name is Jon Gieselman. I'm the Senior Vice President of Advertising and Public Relations for DIRECTV. Thank you for inviting me to testify about the digital television transition.

Over the next few minutes, I'd like to take this opportunity to, first, give you a brief overview of the satellite industry's investment in digital television; second, describe the impact of the digital transition for satellite customers; and, third, explain what DIRECTV will do to alert and educate the American public about the digital transition.

The satellite industry is proud of its leadership in digital television. From our very first day of service, both DIRECTV and DISH Network were built as all-digital platforms. That choice, made on behalf of consumers more than a decade ago, has positioned the satellite industry as leaders in the digital revolution. Additionally, DIRECTV is now the leading high-definition provider, with our recent launch of 72 national HD channels and local HD stations in 61 markets. As Senator Hollings, on this committee, envisioned in 1997, a high-definition picture is to this century what color television was to the last.

As a result of this commitment to digital television, DIRECTV and DISH Network's combined 31 million satellite subscribers have already made the digital conversion. February 17, 2009, will be just another day for satellite subscribers. Their service will not change.

Because the DIRECTV subscriber already has a set-top box, our customers will not need to buy a converter box, nor apply for a converter box coupon. Those few DIRECTV customers who receive their local broadcast stations over the air rather than from our satellites will also be ready. Just as they do today, they will use a seamless integrated over-the-air tuner built into their set-top box. In short, every DIRECTV subscriber who needs a set-top box to view local digital programming will have one.

It is our responsibility—and, quite frankly, in our best interest—to make certain every DIRECTV subscriber understands their service will not change.

Early next year, we will begin to communicate two important messages to our customers. First, we will make sure they know they are set for the transition. Second, DIRECTV is also committed to doing its part to assist the estimated 18 to 21 million households that do not currently subscribe to a pay-TV service. Therefore, we will encourage our customers to become "digital transition ambassadors" with family and friends who may need help with the transition. We will deliver these messages using every point of contact we have with our customers—television spots, our customer service agents, our installers, direct mail, our website, and e-mails.

To reach our households and beyond, we are planning aggressive public relations advertising and promotional campaigns that will

begin early next year and run through 2009. I will touch on a few key aspects of these campaigns.

DIRECTV plans to begin its outreach efforts early next year with two public service announcements geared toward our existing customer base. The first PSA will inform DIRECTV customers about the seamless digital transition they will undergo as a DIRECTV subscriber. The second PSA will encourage our customers to check on their elderly parents, their grandparents, neighbors, and friends, including those that are not DIRECTV subscribers. This effort will help educate this group about the upcoming digital transition and the steps they need to take to stay tuned into their favorite television programming. We will incorporate the ideas from both of these PSAs into a 30-minute long-form program that we will air continuously on DIRECTV's customer support channel, beginning in April 2008. The program will help our customers guide their family and friends through the transition.

We're also creating a unique educational tool to inform all consumers about the digital television transition. Our DIRECTV website now features a virtual customer service representative, named Diane, who currently provides information about DIRECTV services. We're going to take Diane to a whole new level. She will become DIRECTV's virtual online educational platform for the digital transition, guiding anyone who visits our website through the conversion. We plan to drive consumers to our website using all points of contact, including social networking sites, so they may view Diane and hear what she has to say about the upcoming transition.

Mr. Chairman, members of the Committee, as stated throughout this testimony, DIRECTV customers will not be affected by the digital transition. This is the most important message we can deliver today. But there is still much work to be done. We look forward to working with other members of the Digital Television Transition Coalition and other interested groups and organizations to make the digital transition as smooth as possible.

Thank you for allowing me to speak on this important issue today and to talk about DIRECTV's contribution to the educational outreach efforts tied to the forthcoming digital transition.

I'd be happy to answer any questions.

[The prepared statement of Mr. Gieselman follows:]

PREPARED STATEMENT OF JON GIESELMAN, SENIOR VICE PRESIDENT, ADVERTISING AND PUBLIC RELATIONS, DIRECTV, INC.

Chairman Inouye, Co-Chairman Stevens and members of the Committee, I am Jon Gieselman, Senior Vice President of Advertising and Public Relations for DIRECTV, Inc. (DIRECTV). Thank you for inviting DIRECTV to discuss the steps we are taking to support the transition to digital television.

First, the satellite industry is proud of its leadership in digital television. Our industry has always been about driving competition and choice in the video marketplace and a big part of our value proposition has been our commitment to digital television. Indeed, we are pioneers in this area. From the first day of service, both DIRECTV and DISH Network were built as all-digital platforms. That choice, made on behalf of consumers over a decade ago, has positioned the satellite industry as leaders in the digital revolution.

Second, as a result, of our commitment to digital television, February 17, 2009 will just be another day on the calendar for DIRECTV and DISH Network subscribers. Their service will not change. The only snow satellite subscribers may see

on February 17, 2009 could be that falling outside their windows. Their satellite picture will continue be digital and crystal clear.

Third, DIRECTV is extending our commitment to customer service by working to educate our customers and also assist over-the-air television households through the digital television transition. We will provide information about the digital television transition including how they may continue to receive local television programming over the air and how they may choose to become DIRECTV subscribers.

* * * * *

Mr. Chairman, for DIRECTV the digital television revolution began when Cowboy Malone's, a local retailer in Jackson, Mississippi signed up and installed our first customer on June 17, 1994. DIRECTV has been all-digital ever since and over 16 million households and small businesses have joined the digital television revolution with DIRECTV. They enjoy superb picture quality, unmatched programming choice and award winning customer service.

When combined with subscribers of DIRECTV's competitor DISH Network, this is even more impressive. Today, 31 million subscribers have chosen satellite's 100 percent digital pictures and sound. This means that roughly 31 million satellite subscribers have already made the digital conversion. They need to do nothing when analog broadcasting ends. This is because the satellite industry has invested billions of dollars to bring the digital television revolution to households and small businesses across America. Indeed, this effort goes beyond simply offering digital pictures and sound. DIRECTV is now *the* leading provider of high definition (HD) television service.

HD content is changing the viewing experience for millions of DIRECTV subscribers. HD is creating a new world of entertainment, information and education; a world of startling picture and sound quality; a world of excitement and engagement; and a world of programming choice and diversity. It is a world that DIRECTV is bringing to our subscribers through our billion dollar investment in HD content and delivery infrastructure. It is a world that Congress envisioned when it passed legislation ushering in the DTV conversion. So while Senator McCain could then only "[i]magine last night's All-Star game broadcast with such stunning clarity that you seem to be watching it through a window rather than on a screen," he can now see that game on DIRECTV.¹ And while Senator Hollings then thought that "high-definition television, not digital television, but digital, high-definition television [would be] to the next century what color television was to the 1950s and 1960s," that day is already here for DIRECTV subscribers.² So it is no longer true that Americans would *someday* have "brilliant, crystal clear video, CD quality surround sound, and wide-screen picture that creates a 'night-at-the-movies' sensation right in one's own living room."³ DIRECTV subscribers have all of this today.

DIRECTV is thus a big part of the highly competitive pay television marketplace that is delivering on the goals and expectations of Congress and this Committee. Although DIRECTV subscribers enjoy over 250 channels of 100 percent digital picture and sound, including local HD broadcast signals in 61 U.S. cities, we plan to do more to expand our HD services. We recently launched one new satellite which allows us to offer a wider range of HD channels and services. By year end, DIRECTV will retransmit local network HD stations in up to 75 markets. By the end of 2008 with the launch of a second HD satellite, we will have the capacity to provide 1,500 local HD channels and 150 national HD channels. And our national lineup of 72 HD channels already includes nearly every major HD channel from Animal Planet HD, Bravo HD and CNBC HD to Universal HD, Versus HD and the Weather Channel HD (complete list and press release attached).

Mr. Chairman, DIRECTV is proud of our record of competing in the marketplace. We are particularly proud of the fact that our competitive position is based largely on our hard-earned reputation for superior customer service. At this critical moment of transition for our industry and the country, DIRECTV will continue to serve consumers diligently by doing everything necessary to ensure that our subscribers are ready for the analog-to-digital transition on February 17, 2009. DIRECTV subscribers who rely on over-the-air television stations will also be ready. Just as they do today, this small subset of our subscribers will use a seamless, integrated over-

¹ *Transition to HDTV: Hearing on the Transition to Digital Television Before the S. Comm. on Commerce, Science and Transportation*, 105th Cong. (1998) (statement of Sen. John McCain).

² *Transition to Digital Television, Hearing of the Senate Comm. on Commerce, Science, and Transportation*, 105th Cong. (1997) (statement of Sen. Ernest Hollings) (internal quotation marks and citation omitted).

³ *Transition to HDTV: Hearing on the Transition to Digital Television Before the S. Comm. on Commerce, Science, and Transportation*, 105th Cong. (1998) (statement of Thomas B. Patton, Vice President, Philips Electronics North America Corp.).

the-air tuner that is built into their set-top box. Every DIRECTV subscriber who needs a set top box to view local digital programming will have one. Because we are taking care of all of our customers with the necessary equipment, the National Telecommunications and Information Administration's (NTIA) digital-to-analog converter box coupon program will be available to the over-the-air households that truly need it.

With this overview of the satellite industry and DIRECTV as a backdrop, we intend to ensure our subscribers know that they have already made a seamless transition away from analog broadcasting. Toward this goal, we plan several outreach initiatives.

To help minimize consumer confusion, we will broadcast a clear message to our consumers that they should sit back and continue enjoying their DIRECTV service through the transition period. We will deliver this concise message using nearly every point of contact we have with our customers including; customer service agents, retailers, installers, on-air announcements, bill-stuffers, our website and e-mail. We will make certain our customers are aware that they did everything they needed to do to prepare for the digital transition the day they signed up with DIRECTV. The message will reassure DIRECTV subscribers that the only decisions they have to make as their local television stations go all-digital, is whether to watch their favorite sitcom, nature program or sporting event in 100 percent digital picture and sound.

No matter if they own a 72-inch plasma, a 46-inch LCD or the latest DLP, DIRECTV customers will be set for the digital age. Whether their television delivers 1080p, 1080i, 720p or 480i, they are set for the coming switchover—and the same goes for those who may have a recently purchased a 4:3 aspect ratio television with a digital tuner or have an older analog television. When our customers signed on to DIRECTV and subscribed to our services, they in turn joined the digital television revolution.

Communicating this concise message during the transition period should all but eliminate demand from DIRECTV customers for the NTIA's digital-to-analog converter box coupon program. Since DIRECTV subscribers do not need to purchase digital-to-analog converters, the only requirements they must contend with is to surf between channels until they find their favorite programming on DIRECTV. Our customers will sit back and continue enjoying DIRECTV service through the transition period. They will not need to make a retail purchase of a converter box, nor apply for a NTIA digital-to-analog converter box coupon. We will use e-mail, customer service representatives, installers, retailers, bill inserts, our website and on screen messages and programming to make sure DIRECTV subscribers know that that they are set for the digital television transition. In other words, if our comprehensive education efforts are successful, DIRECTV customers will not clog the system nor add to the demand encountered during the switchover.

Mr. Chairman, DIRECTV is also committed to doing its part to assist the estimated 18 million households that do not subscribe to satellite or cable television service. These households rely on over-the-air (OTA) reception for local network programming. As you are aware, OTA households that have an analog television will need to purchase and install a converter box to receive television programming beginning February 17, 2009 or purchase a new digital television. DIRECTV will support efforts to educate these households about the digital television transition.

As a part of this outreach, DIRECTV is a member of the Digital Television Transition Coalition (DTTC). DTTC members are working to make the digital transition as smooth as possible for consumers. DTTC will support coordinated efforts to inform viewers of their options in advance of the transition.

DIRECTV is also planning its own independent public relations, advertising, and promotional campaigns that will begin early next year and run through early 2009. These campaigns will discuss the benefits of DIRECTV, offer special subscription opportunities for those who currently do not subscribe to DIRECTV, and help those who wish to continue to receive OTA broadcasts to take only those steps necessary to stay tuned to their local broadcasters.

DIRECTV plans to begin its outreach efforts early next year with two public service announcements (PSAs) geared toward our existing customer base. The first PSA will inform DIRECTV customers about the seamless digital transition they will undergo as a DIRECTV subscriber. The second PSA will encourage our customers to check on their elderly parents, grandparents, neighbors and friends, including those that are not DIRECTV subscribers. This effort will help educate this group about the upcoming digital transition and the steps they need to take to stay tuned in to their favorite television programming.

DIRECTV will also incorporate the ideas from both of these PSAs into a 30-minute long-form program that we will produce and air continuously on DIRECTV's

“Customer Support Channel” beginning in April 2008. The program will celebrate DIRECTV’s 13 years of digital service, highlight our commitment to HD service, and let our subscribers know that they are set for the digital transition. We will help our customers guide their family and friends through the digital television transition with information about the NTIA digital-to-analog converter box program and information about DIRECTV’s low-price offer for households who may use the transition to consider a pay television provider.

We are also creating an interesting and entertaining educational tool to inform DIRECTV customers about the digital television transition. Since DIRECTV customers are already treated to cutting edge and high-quality programming, we’ve taken that idea to a whole new level—and created a new addition to the DIRECTV family.

Our DIRECTV website now features a virtual customer service representative named Diane, and she will guide our subscribers and anyone who visits our website, *DIRECTV.com*, through the digital television conversion. Diane currently gives DIRECTV customers information about DIRECTV’s services and packages. We will create a whole new Diane, complete with a wealth of knowledge and information about digital television, HD programming and the 2009 digital television transition. Diane will become DIRECTV’s virtual online educational platform for the digital transition. We plan to drive consumers to the DIRECTV website using PSAs and our Customer Support Channel so they may view Diane and hear what she has to say about the upcoming transition. We will also promote Diane through a substantial e-mail campaign to our customers and through social networking sites.

DIRECTV is very supportive of your efforts to ensure that consumers have all the information they need regarding the digital transition. DIRECTV has every incentive to not only assuage any anxiety that our current customers may feel when they hear or read about the coming switchover, but to also help viewers currently receiving only over-the-air broadcasts.

* * * * *

DIRECTV is set to not only begin an aggressive education and outreach campaign toward our current customer base, but we hope to engage other consumers as the digital transition draws nearer. As I’ve stated throughout this testimony, DIRECTV customers will not be affected by the digital transition. This is the most important message we can continue to deliver. But there is much work to be done and we welcome the opportunity to be part of the process. This is an exciting time for our industry and we want consumers to embrace the possibilities—not shy away from them. Mr. Chairman, Co-Chairman Stevens and members of the Committee, thank you for allowing me to speak on this important issue today and to talk about DIRECTV’s contribution to the educational and outreach efforts tied to the forthcoming digital transition. I am happy to take your questions.

ATTACHMENT

Contact:
Robert Mercer, DIRECTV, Inc.
Darris Gringeri, DIRECTV, Inc.

DIRECTV HD™ REVOLUTION BEGINS

DIRECTV Customers Now Have Access to Over 70 National HD Channels—Significantly More Than Any Other Television Provider In The Nation

EL SEGUNDO, Calif., Oct. 15, 2007—DIRECTV, the Nation’s leading satellite television service provider, is now offering 72 national HD channels—significantly more than any other television provider in the Nation. This is the first wave in DIRECTV’s unprecedented expansion of HD services that is building toward up to 100 HD channels by year-end.*

“If you own a high-definition television, or are thinking about buying one, you can now watch your favorite channels in crystal-clear DIRECTV HD™,” said Derek Chang, Executive Vice President, Content Strategy and Development, DIRECTV, Inc. “The DIRECTV HD programming expansion that consumers have been waiting for has become a reality. We overwhelmingly lead the industry in terms of both quantity and quality of HD programming. There simply isn’t a better television experience on the planet.”

The full DIRECTV HD programming lineup, including the new channels, and details on receiving equipment needed for the new DIRECTV HD services, are available by calling 1-800-DIRECTV or visiting *directv.com*.

DIRECTV's current HD lineup includes:

- A&E HD
- Animal Planet HD
- ABC HD NY**
- ABC HD LA**
- Big Ten Network HD
- Bravo HD
- Cartoon Network HD
- CBS HD NY**
- CBS HD LA**
- Cinemax HD East
- Cinemax HD West
- CSN Chicago HD
- CSN Mid-Atlantic HD
- CNBC HD+
- CNN HD
- Discovery Channel HD
- ESPN HD
- ESPN2 HD
- Food Network HD
- Fox HD NY**
- Fox HD LA**
- Fox Business Network HD
- FSN Detroit HD
- FSN Prime Ticket HD
- FSN Southwest HD
- FSN West HD
- Fuel TV HD
- FX HD
- HBO HD East
- HBO HD West
- HD Theater
- HDNet
- HDNet Movies
- The History Channel HD
- HGTV-HD
- MGM HD
- MHD
- National Geographic Channel HD
- NBC HD NY**
- NBC HD LA**
- NESN HD
- NFL Network HD
- Sci-Fi Channel HD
- SHO Too HD
- Showtime HD
- Showtime HD West
- Smithsonian Channel HD
- Speed Channel HD
- SportsNet New York HD
- Starz Comedy HD
- Starz Edge HD
- Starz HD East
- Starz HD West
- Starz Kids & Family HD
- TBS in HD
- The Movie Channel East HD
- The Science Channel HD
- The Weather Channel HD
- TLC HD
- TNT HD
- Universal HD
- USA Network HD
- Versus HD/Golf Channel HD
- YES HD
- HD PPV (8)

DIRECTV HD customers will continue to pay only a \$9.99 access fee, allowing them to receive DIRECTV's premier HD technology and all channels broadcast in HD that are tied to their particular base programming package.

Customers who want the ultimate HD experience can subscribe to the DIRECTV® HD EXTRA PACK for an additional \$4.99 per month. This new addition of HD-only channels is for the true HD fan and includes: HDNet, HDNet Movies, Universal HD, MHD, Smithsonian HD and MGM HD.

In addition to the national HD channels listed above, DIRECTV also offers 245 local HD channels across 61 cities, representing more than 70 percent of U.S. TV Households.

The DIRECTV 11 satellite will be launched early next year to support further HD expansion. With the two satellites, DIRECTV will have the ability to deliver 150 national HD channels and 1,500 local HD and digital channels in addition to new advanced programming services for customers.

*Number of HD channels subject to available HD programming and varies by base package selection.

**Eligibility required.

***2007 American Customer Satisfaction Index, University of Michigan Business School.

About DIRECTV

DIRECTV, Inc., the Nation's leading satellite television service provider, presents the finest television experience available to more than 16.3 million customers in the United States, through exclusive content, industry-leading customer satisfaction (which has surpassed cable for 7 years running) and superior technologies.*** Each day, DIRECTV subscribers enjoy access to over 250 channels of 100 percent digital picture and sound, exclusive programming and the most comprehensive collection of sports programming available anywhere, including NFL SUNDAY TICKET™ and MLB EXTRA INNINGS®. DIRECTV (NYSE:DTV) also leads the digital television technology revolution with exclusives such as NFL SUNDAY TICKET SuperFan™, U.S. Open Interactive and YES Network Interactive and will soon have the capacity to offer over 150 national HD channels.* For the most up-to-date information on DIRECTV, please visit *directv.com*.

The CHAIRMAN. I thank you very much, Mr. Gieselman.
Mr. Pearl?

**STATEMENT OF MARC A. PEARL, EXECUTIVE DIRECTOR,
CONSUMER ELECTRONICS RETAILERS COALITION**

Mr. PEARL. Chairman Inouye, Vice Chairman Stevens, Senator McCaskill, I'm honored to be here today on behalf of the Consumer Electronics Retailers Coalition.

CERC applauds the Committee's efforts to help identify the steps that the public and the private sectors both must take to make this transition as successful as possible.

CERC's members include the largest and most well-known consumer electronic retailers, general retailers who sell CE products, and our country's three major retail associations. We are also one of the four founding members of the DTV Transition Coalition, which now has more than 170 members. Our organization is dedicated to helping all retailers, whether or not they are CERC members, better understand their role and responsibilities in assisting their customers through the transitions—two transitions—from analog to digital broadcasts, and, in parallel, from standard-definition to high-definition programming, as you just saw demonstrated.

This process, as you can well imagine, can be highly confusing to consumers. So, in response, among other educational tools, CERC developed, more than 2 years ago, one of the first consumer guides, and recently, in cooperation with the National Hispanic Media Coalition, published a Spanish version of that guide.

But a successful transition cannot be the responsibility of retailers or the private sector alone. An effective public-private partnership is necessary that must include coordination of message and outreach, as well as cooperation and communication. That was emphasized during your questions and the testimony in the first panel.

As part of this partnership, CERC, several years ago, recognized—and, indeed, solicited—the leadership of the FCC, based on its vast experience and expertise. We have worked closely with the Commission on DTV messaging and public education, and continue to look to it for leadership and guidance. It should be pointed out, however, that the Commission has no experience, expertise, or delegated authority as to the regulation of retailer practices. Congress has delegated that authority elsewhere. CERC and its members have, nevertheless, specifically pledged to work with the FCC to achieve and apply a unified message.

CERC and its members have also worked informally and formally, since the passage of the law, to help the NTIA craft a program that would attract the broadest possible participation of qualified retailers of every appropriate size, specialty, geographic location, and means of sales in the challenging and unprecedented endeavor that Congress has entrusted to the NTIA.

It must be pointed out, however, that no one—no one in the public or the private sector has experience with this unprecedented program, particularly dealing with a government-subsidized product, the demand for which is likely to rise sharply and unpredictably from zero, and then fall off even more sharply when the last coupon expires, on July 10, 2009.

This is not to say that substantial progress has not been made in the 2 months since NTIA chose its contractor. Two manufacturers have recently been certified, and retailers have begun to receive substantial, but not yet complete, information on the technological options involved in accepting these coupons at the point of sale. There are still, however, outstanding key pieces that have not yet been made available to retailers; most critically, in terms of the agreement that a retailer will need to sign in order to participate and the metrics for a retailer to be considered qualified to participate, in the first place.

But I will say that we are more confident than ever that CERC's members and many, many other qualified retailers throughout the country, of all sizes and capacities, will choose to participate in the program if its voluntary, marketplace-oriented nature is preserved and if it seamlessly interfaces with the retailers' current systems. I am less confident, however, if any agreement to participate will be accompanied by new FCC regulations or other threats of legal sanction. This is a voluntary program.

The DTV Transition Coalition has brought together the key private-sector stakeholders in an atmosphere of cooperation and coordination. The FCC, the NTIA, and the CECB program contractor, along with key staffers from the Hill, have also been invited to work with and within the Coalition as partners.

We and the DTV Transition Coalition are very focused on ensuring public credibility and stability of the transition and the hard date itself. Accordingly, while everyone would agree that the legislation was imperfect, it would be a mistake for Congress to fiddle with or try to fine tune the law. Doing so would undermine the credibility of our collective public education efforts at a vital time when a coordinated, sustained, and comprehensive campaign is needed. We are exactly 16 months—from today—from takeoff. The transition will not be real to consumers so long as there is any doubt whatsoever that it will occur at the time and on the terms already enacted by Congress.

In conclusion, Mr. Chairman, on September 17, CERC filed comments with the FCC that set forth the public education undertaking that retailers are pursuing or are prepared to pursue. Yesterday, several of our members filed specific endorsements of those comments—Target, Circuit City, and Best Buy—outlining their own individual intention. I would be more than happy to submit those as a part of the hearing record.

Retailers want to work with this committee, the FCC, and the NTIA. And I just learned, this morning, today, that both Best Buy and Circuit City have publicly announced, together with previously announced RadioShack and Wal-Mart, that they will intend to participate in the CECB program.

It is all of us, in the government and my colleagues here on the panel today as part of the DTV Transition Coalition, to make this transition work for all American households. I am gratefully appreciative of the opportunity to testify before you today, and I'm prepared to answer any of your questions.

Thank you.

The CHAIRMAN. Mr. Pearl, we'd be very happy to receive your documents, to be made part of the record.

Mr. PEARL. Thank you, Mr. Chairman.
[The prepared statement of Mr. Pearl follows:]

PREPARED STATEMENT OF MARC A. PEARL, EXECUTIVE DIRECTOR,
CONSUMER ELECTRONICS RETAILERS COALITION

Chairman Inouye, Co-Chairman Stevens, and members of this distinguished Committee, I am pleased to be here today on behalf of the Consumer Electronics Retailers Coalition ("CERC"). We applaud your focus, and your leadership, in assessing what government and industry are doing, and what they ought to be doing. What we need to achieve is a unified message, supported by government and industry alike, that will make each household fully aware of its choices and opportunities as the clock ticks down to February 17, 2009.

CERC's members include consumer electronics specialists Best Buy, Circuit City and RadioShack; general retailers Sears and K-Mart, Target and Wal-Mart; online retailer *Amazon.com*; and our country's three major retail associations—the North American Retail Dealers Association (NARDA), the National Retail Federation (NRF), and the Retail Industry Leaders Association (RILA). CERC is a founding member, along with the Association for Public Television Stations (APTS), the National Association of Broadcasters (NAB), and the Consumer Electronics Association (CEA), of the DTV Transition Coalition.¹ The Coalition's membership has grown from eight to over 160—including all segments of our society—broadcasters, retailers, manufacturers, as well as public interest community groups.

The DTV Transition Coalition and its private sector members have worked hard, in consultation with the FCC and the NTIA, to develop a common message to help educate consumers, through brochures, communications at retail, the Internet, and public service announcements. CERC itself, as I will detail later in my testimony, has led the way in developing one of the first Consumer Guides on the DTV Transition, and this summer had its latest version translated into Spanish in cooperation with the National Hispanic Media Coalition.

But in order to make the Transition successful a strong and effective public-private sector partnership is needed. This includes coordination of message, outreach and a recognition that cooperation and communication between the sectors is an essential component. Without these elements, *everyone* will suffer the wrath of an unhappy American public.

You invited us to testify today in order to provide a frank assessment of how the public and private sectors are administering the DTV Transition thus far. So I will consign our recitation of CERC's own efforts, as an organization and through its members, to an Appendix, and will get right into the discussion that your committee seeks:

Legislation. Everyone in the public and private sectors is likely to tell you that the Transition legislation,² while vitally necessary, was "imperfect" in some respect. From our own perspective, key provisions that were sought by retailers and other stakeholders and supported by a broad consensus were deleted in the final measure as a result of Senate rules. And, unfortunately, some provisions that *should* have been deleted remained in the final text. At this late date, however, exactly 16 months today, it would be a mistake for the Congress to even seriously raise the prospect of fiddling with or trying to 'fine tune' this law. Doing so could open the whole measure up like a Pandora's Box, and would simply ruin the credibility of our collective public education efforts at a vital time when a coordinated, sustained and comprehensive campaign is needed. CERC and its members have always supported the goal of a "hard date" precisely because *the Transition will not be credible to consumers so long as there is any doubt whatsoever that it will occur at the time, and on the terms, already enacted by the Congress.*

The Federal Communications Commission. Under the previous "soft date" regime the FCC was given vast power that it could not sensibly exercise. Under the current regime, the law provides a clear objective but gives the Commission no additional regulatory authority. Hence, the FCC's appropriate role is to exercise leadership, based on its vast experience and expertise. For several years CERC has worked closely with the Commission on DTV messaging and public education, and we continue to look to the Commission for leadership and guidance. It should be recognized, however, that the Commission has no experience, expertise, or delegated authority as to the regulation of retailer practices. The Congress has delegated this

¹www.DTVtransition.org.

²Deficit Reduction Act of 2005, Pub. L. 109–171, Title III, §§ 3001–3013, 120 Stat. 21–27, codified at 47 U.S.C. § 337(e) and 47 U.S.C. § 309(j).

authority elsewhere. Attempting to exercise such powers, in the absence of either expertise or clear authority, in our view is not the best application of the Commission's resources. CERC and its members, however, have pledged to the Commission their desire to work as partners to achieve and apply a unified message and program.

The NTIA "CECB" Program. CERC and its members have worked informally and formally, since the passage of the law, to help the NTIA devise a program that would attract the broadest possible participation of qualified retailers of every appropriate size, specialty, geographic location, and means of sales. While the IBM Team was appointed as Program Contractor 2 months ago, we understand that the deadline for receipt by NTIA of the Team's final and specific program for retailers was just this past Monday. Substantial progress has been made. The "Coupon Eligible Converter Boxes" ("CECBs") of two manufacturers have been certified. Our members have received very substantial, but not complete, information on the Team's Point Of Sale ("POS") technological options. There are still key pieces that have not been made available to retailers—such as the terms of the agreement that a retailer would need to sign in order to participate, and the metrics for a retailer to be considered "qualified" to participate. But I am more confident than ever that CERC's members and many, many other qualified retailers throughout the country of all sizes and capacities, *will* participate in the program *if* its voluntary, marketplace-oriented nature is preserved and if it seamlessly interfaces with retailers' current systems. I am less confident if the agreement to participate is to be accompanied by new FCC regulations or other threats of legal sanction.

The Private Sector. Before the "hard date" of February 17, 2009 was set, private sector discussions regarding the DTV Transition were largely exercises in finger-pointing and buck-passing. I am pleased to say that we are well beyond that. The DTV Transition Coalition has pulled together the key private sector industries in an atmosphere of focused cooperation. The FCC, the NTIA and the CECB Program contractor, along with key staffers from the Hill, have been invited to work with and within the Coalition as partners.

CERC and its members have pledged to Congress, the NTIA and the FCC that we are committed to working with this Committee and with all of our partners in the DTV Transition Coalition to ensure that no consumer is unaware of his or her options, choices, and opportunities. But we also remain committed to serving our customers' needs in the context of a dynamic and competitive market in which they will have options in addition to the one that is a government-sponsored program. As was the case during "Y2K" (when incidentally I was serving as General Counsel of the Information Technology Association of America, and helped create and coordinate the cross-sector Y2K Coalition where we saw the bulls eye aimed at the technology industry), retailers are being blamed in advance for things that have not yet occurred; for not offering converter boxes that they don't have; and for not making potentially complex consumer options simple. I want now to review what we have done, and what we and others need to do, in more detail.

Legislative Tinkering Would Be Counter-productive. CERC worked closely with the drafters of the Transition legislation, but ultimately, from our own viewpoint as well as that of others, the outcome was far from perfect:

- *Device Labeling.* Working with committee staff and the Consumer Electronics Association, CERC helped draft a consensus "analog only" television labeling provision that would have required *manufacturers* of TVs with only analog tuners to *attach labels*, which the retailer could have left on the TV or moved to an adjacent shelf position. This important provision was in the House bill, but was stricken in the Senate on grounds of germaneness.
 - Instead, *after* the manufacture and importation of these products had ceased, the FCC adopted a last-minute regulation that applied on very short notice to retailers only, and to recorder products as well as TVs. In the absence of a prior labeling requirement on manufacturers, in many cases neither retailers nor FCC enforcement engineers had a clear understanding of which products—already on shelves and in warehouses—actually required labels.
- *90 Day Coupon Expiration.* CERC strongly opposed the mandate that CECB "coupons"³ expire in 90 days. We said this could cause consumers to refrain from requesting them early enough, or cause them to seek converters before they had adequate information as to needs or alternatives. We were assured that this provision would come out before final passage, but it did not. Now the NTIA is under pressure to find ways *around* this provision.

³ Actually, these instruments are not "coupons" at all, but forms of tender.

Nevertheless, CERC strongly opposes *any* legislative changes to the CECB Program, or to other aspects of the Transition, at this late date. Like others in the private and public sector, *we have worked long and hard to overcome skepticism that this transition would actually occur, and that the hard date would “stick.”* Now that public education campaigns are about to go into gear, and the NTIA program is about to move forward, the last thing we need is a new wave of uncertainty and speculation caused by Congressional consideration of new legislation.

While legislative proposals might initially be targeted and limited, people expect, fairly or not, that congressional initiatives have a way of becoming Christmas trees, open to a multitude of new ornaments. We have seen enough last-minute changes, in regulation as well as in legislation, to be jaded ourselves as to how reliable our guidance to consumers can be while the possibility of key provisions and assumptions being changed remains open. We have a statute; we have regulations; let's stay with what we've got and keep on working with them.

The FCC's Role Is One of Leadership. CERC and its members began working actively with the FCC well before the passage of the Transition legislation, and continue to do so—in spite of the fact that many of our members have *also* been under threat of an enforcement action with respect to the hastily conceived and executed product labeling regulations. CERC has undertaken several joint public education efforts with the Commission, including:

- Co-branding with the FCC and the Consumer Electronics Association (CEA) of a “DTV Tip Sheet,” distribution of copies to Best Buy and Circuit City stores, printing twice in the NARDA magazine. A new version for distribution at the retail level is now being developed.
- Co-production and branding with the FCC of an advisory to all retailers with respect to the end of manufacturers' distribution of “analog only” television receivers, and the Commission's labeling regulation with respect to analog television receivers.⁴
- CERC maintains a fact sheet on our website on the FCC's “analog only” labeling regulation, for the benefit of all retailers.

CERC urged and facilitated compliance by all retailers with the FCC's labeling regulations *despite* the fact that we are on record that the agency lacks any delegated or ancillary authority, and frankly lacks the expertise, to regulate retailer practices.⁵ At this stage in the DTV Transition, it is important for those who have committed to act as partners, in a unified Coalition, to maintain this partnership in the most constructive mode possible. We are committed to working with the Commission on Consumer Education and to following its lead in this respect. We have done so and will continue to do so. Rather than wrangling about formal jurisdiction or execution of programs, such as analog-only labeling, that have largely been successfully implemented, everyone needs to be focused on the job at hand.

CERC Is Committed to Aiding in NTIA CECB Implementation. The public dialog over NTIA's progress has been frustrating for CERC and its members—as stated previously, we have worked with the NTIA early and often in helping devise a program and regulations that would help get information on the program out to the greatest numbers of consumers and attract participation by the greatest number and variety of qualified retailers. We have committed to developing our own material and posting NTIA information, about the CECB program, for the benefit of all retailers, whether or not they are CERC members.

We started meeting with potential CECB Program Contractor teams, including the IBM team, almost a year ago. Yet when our members are pressed to make commitments about their own commercial intentions, they have been obliged to point to a list of essential items as to which they as yet have inadequate information. Fortunately, this list has been steadily shrinking since the middle of August when NTIA chose IBM:

- The NTIA (with the FCC as its contractor) began certifying CECB products a couple of weeks ago—an essential step for retailers to know their supply options.
- The IBM Team has begun meeting with retailers and explaining the technological options for conformance of retailers' POS systems to the requirements for accepting coupons, providing the necessary data to the government, and being reimbursed from them by the government.

⁴ 47 C.F.R. § 15.117(k).

⁵ *In the Matter of DTV Consumer Education Initiative*, MB Docket No. 07-148, Comments of the Consumer Electronics Retailers Coalition at 3-7 (Sept. 19, 2007) (“CERC Comments”).

- However, CERC was told that retailers will be expected to sign some sort of contractual agreement with the NTIA and/or the IBM Team in addition to registering with the Central Contract Registration program and separately with the NTIA, and it remains unclear what the terms of this additional contract will be. Until there is a “dotted line” to sign on, and terms to consider, a business that is accountable to its shareholders cannot make a contractual commitment.

Even given all of these hurdles, most of CERC’s members have indicated publicly their intention to participate in the CECB program. For example, Wal-Mart has informed the Senate Aging Committee of its intention to participate; and RadioShack announced its intention to participate at the NTIA DTV Forum on September 25. The FCC has received similar advice from other CERC members.

CERC has worked with the NTIA to achieve an environment that relies on marketplace decisions and consumer choice to the extent possible.⁶ For example, whereas the NTIA initially proposed not allowing consumers to return or exchange CECBs for different models, CERC said that retail customers expect such freedom and suggested various means by which returns and exchanges could and should be accommodated. NTIA did agree to support exchanges, but CERC members remain concerned that NTIA could find no viable way to allow a customer to *return* a converter box and receive a new coupon.

- Indeed, it is important to note that the entire issue of product returns remains daunting—for example, a cable customer who has no intention of relying on an antenna would likely find his or her CECB to have been improvidently purchased, and expect to return it for a refund, to a retailer who has already processed this customer’s coupon and been reimbursed for it. How this transaction is “reversed,” and how the retailer can re-sell the CECB, still must be worked out with the NTIA and the IBM Team.
- This example argues for caution in public education. Herding millions of consumers—who will not in fact need CECBs—to rush out and obtain them can only damage the CECB program and drain the fund that supports it.

Fortunately, the NTIA and our fellow members in the DTV Transition Coalition have recognized that while the CECB solution is a vital option—even a *lifeline*—for *some* consumers, it is only one of a number of marketplace options for *most* consumers. As experienced retailers, CERC believes this point of view is essential to a successful transition and applauds Secretary Kneuer and his staff for having adhered to it.

CERC Has Been a Leader in Public Education Efforts. As I noted at the outset, public education is only as good as the quality and credibility of the information that is being conveyed. CERC has now published three editions of the *CERC Guide*, “*What You Need To Know About The February 17, 2009 ‘DTV Transition’ and the NTIA Coupon-Eligible Converter Box Program*” and just this summer published a Spanish version. The length of the title alone conveys the difficulty of providing a message that is both *reliable and complete*.

To continue with the example discussed above, of the cable subscriber. . . . Most households in the U.S. are cable or satellite subscribers (estimates range from 83–87 percent). Their immediate reaction when they hear about the Digital Transition is: “*How will this affect my cable TV?*” We will need a clear and consistent answer to this question.

Until the FCC’s public meeting on September 11, the FCC itself was not sure whether cable operators would carry analog versions of even to the so-called “Must Carry” channels to their customers. At that meeting the Commission decided to require such carriage at least for 3 years, but the carriage of broadcasters’ secondary digital channels will not be mandatory. Here is how, in the *CERC Guide*, we have, to date, explained this situation to our customers:

Question #4: I now subscribe to cable or satellite. Do I need to be concerned about losing a TV signal to my TVs that are hooked up to these services? Our answer: No. Cable operators pick up most local broadcasts at a central location and send them to homes over cable; satellite services increasingly are able to do this as well. It is likely that they will continue to provide whatever free local broadcast programming they currently provide to you, even after there is this change in broadcasters’ means of transmission.

⁶We are very concerned at press reports that the FCC might move to impose regulations over day to day retail practices where the NTIA, which has the delegated congressional authority, has not done so. This could be highly corrosive as to attracting retailers to, and maintaining retailers in, the CECB program.

- However, local broadcasters will be able to offer additional digital channels, some or all of which might not be carried, or carried in HDTV, by your service. If you want to see such channels, you would need an antenna, and your set would need an HDTV or DTV tuner built-in or added on via a converter. For local information, see www.antennaweb.org.
- In the future, cable operators might also move to “all digital” means of delivery, which *could mean that even for your TVs that are hooked up, you would need to lease a “set top box” or have a TV with a digital cable tuner* (such as one with a “CableCARD” slot)—but this is likely a future, not a present, consideration.”

Question #10: I subscribe to cable or satellite service, but not all my TVs are hooked up. What does the February 17, 2009 shutoff of the analog channels mean to me?

- If some of your TVs rely on an *antenna*, you *will* need a converter box if they are not DTV television sets. (As noted above, you might still want an antenna and a DTV or HDTV tuner in order to receive all local channels.)
- If a TV is not currently hooked up to an antenna (for example, it is being used to play video games, or to watch DVDs or camcorder movies, etc.), nothing will change, because only *free over-the-air broadcasts* will be affected by this DTV broadcast transition.

CERC *believes*—subject to advice from the FCC, the NTIA, congressional leaders, and other members of the DTV Transition Coalition—that this advice remains accurate after the September 11 FCC meeting. The challenge, of course, is how to convey such detailed considerations to busy customers, and indeed how to include such complexities in the training of sales associates. Each time CERC has revised its Guide it has solicited ways of making its advice more succinct *without leaving out any detail of importance*. Thus far our Guide remains at 2.5 typeset pages, and as further details of the NTIA Coupon-Eligible Converter Box Program are released, it is unlikely to shrink.

Additional confusion, and concern, has been generated by the fact that the DTV Transition is moving in parallel with another transition—the one from broadcasting entirely in “standard definition” programming to broadcasts in “high definition,” as well as in standard definition. While consumers have found HDTV to be compelling, the explanation of how HDTV fits in to the DTV Transition is not a simple one, either. The current version of the CERC Guide tackles this subject as follows:

Question #5: What is “DTV” anyway? “Digital television or “DTV” as used in this program means the broadcasting of digital television by local TV (not cable or satellite) broadcasters, *as received directly by consumers using “rabbit ears” or roof-top antennas*. The signals are sent from local transmitters, over the air, to homes, by modern digital techniques rather than the older analog methods that are not as efficient and are of lower quality.”

Question #6: What is “HDTV”? “High Definition Television (“HDTV”) is the highest quality version of DTV. (There is “standard,” “enhanced,” and “HDTV”.) Not all DTV broadcasts are in HDTV and not all DTV receivers can display HDTV. *Analog HDTV broadcasts in the U.S. are not possible. If you have seen an HDTV broadcast, it has been over satellite, cable, another such service, or over a digital TV broadcast channel—these are already on the air.*”

Question #7: Does my present TV have a DTV tuner? What about my VCR, DVD recorder, PVR, DVR, etc.? “The only televisions that have DTV tuners are those that have been sold—since about 1998—as having an *integrated* or “*built-in*” DTV or HDTV broadcast tuner. (An HD set sold as a “monitor” or “HD-ready” is capable of *displaying* HDTV but does not have a built-in HDTV tuner.) The FCC now requires that most TVs with analog tuners also be marketed with built-in or separate DTV or HDTV tuners, and this will soon be a requirement for all TVs—so most of the TVs you see nowadays in stores will be DTV or HDTV “built-in” products. Be sure to check, however, just in case one is not.”

Again, if someone has the time and attention span to absorb this information, they should find it accurate, useful, and as succinct as is possible. The challenge is, how much time can a busy shopper, with a long list, kids in tow and a life to live, devote to in-store study?

“*Upselling.*” Congressional leaders and others have expressed concern that, once coupon-eligible converter boxes are available sometime next year—or even now, before they are available—retail sales associates will try to “upsell” consumers who would be best served by a Coupon-Eligible Converter Box. We don’t think this will

be a problem once the “CECBs” are on the shelves and we, and our partners in the DTV Transition Coalition have fully explained their purpose and function to consumers.

We have to bear in mind that we have two transitions, in parallel, in which our customers are interested. One is from analog to digital *broadcasting*. The other, which is of more interest to the majority of our customers, is from Standard Definition to High Definition *programming*. Our challenge and goal is to fully explain, to all customers, their options with respect to each of these transitions, which overlap but are of different natures. Already, *most* of the TV products on display in stores today are HDTV receivers. Retailers would not be serving their guests if they failed to explain how these products, and the programming they can support, differ from older, conventional displays and programming.

We need to explain about the DTV Transition as well, but this is of concern primarily to those customers who rely on antennas. We have published much material on this subject and will address it on the sales floor as well. At present, with no CECBs on the shelves and some details still to be learned, we can only give these assurances, which are based on consultation with our members:

- Legitimate retailers are dedicated to learning and meeting a customer’s needs and wants. These will largely be determined by the sources of programming in which the customer is most interested, and the available viewing space and budget.
- If a customer is interested in obtaining a CECB to service an existing TV, VCR, etc., this will be the focus on the sales discussion and transaction. If the customer is interested in upgrading to a new digital TV or an HDTV display, to better experience and enjoy watching DVDs or high definition DVDs, or in receiving digital broadcasts in a new TV or recording product, this will be the focus of the transaction.
- It would be foolhardy to try to divert a customer from his or her needs or wants. Most customers do substantial research before visiting a store to make a purchase, and improvident purchases lead to product returns, which are costly for retailers.

CERC Is Committed To Achieving a Successful DTV Transition. In CERC’s September 17 Comments in the FCC’s DTV Public Education docket, CERC made these commitments:

“Over the last month most CERC members have consulted with the Commission, via the Chairman, the Chairman’s office, bureau staff, and/or Commissioners’ legal advisors, and in this process have advised of their specific plans to inform and assist their customers as key Transition dates approach. Undertakings discussed with the Commission, some of which are already in process, cumulatively⁷ are expected to include:

- Additional and more specific training for sales associates.
- Retail floor signage about the Transition and the end of analog broadcasts.
- Pamphlets with retailers’ own advisories, distribution of FCC, NTIA, CERC, and DTV Transition Coalition printed material; links/frames to CERC and official sites.
- Inclusion of DTV Transition advisory information in advertising supplements.
- Participation in the NTIA CECB program.
- Specialized website about Transition as part of web store.
- Inclusion of Transition/end of analog information in in-store “video loops” (specialist retailers).
- Continued implementation of Commission-required labels until stocks of covered products are exhausted.

“Given the variety in the sources and, potentially, the content of published material and Internet advisories pertaining to the Transition, CERC, as a member and founder of the Steering Committee of the DTV Transition Coalition, has urged that early attention be paid to coordination in and rationalization of messaging and consumer contact points. For example, the public and private sectors need to pay careful attention to the number of ‘1-800’ numbers that are offered to the public. They need carefully to coordinate the subject matter of each, the message communicated, and the resources available for answering questions. In

⁷As CERC includes specialist as well as general retailers, and store-front as well as web-based retailers, not every undertaking may be feasible for execution by every CERC member.

this respect, the leadership role to be played by the Commission is as obvious as it is necessary. *CERC and its members specifically commit to working with the Commission, via the DTV Transition Coalition and otherwise, to assist the Commission, pursuant to the requests of Members of Congress and the Commission's own responsibilities, in achieving a unified message that is strongly in the public interest at this critical time.*"

CERC's commitment includes working with the Commerce Committee throughout the Transition and afterwards if necessary, to assure that the public is well informed and well served.

Thank you again for inviting me to testify and I will be pleased to answer any questions.

APPENDIX

On behalf of its members and the retail community at large, CERC has long advocated voluntary public education measures to promote the DTV Transition, and has been a leader among industry groups in taking affirmative steps to bring accurate information to the consuming public:

- CERC was the first to publish a comprehensive Consumer Guide To The DTV Transition and the CECB Converter Box Program, initially issued well before passage of the Transition legislation, and twice updated since and now available in Spanish. The Guide appears on the CERC website, www.ceretailers.org, and has been widely linked to by others, including CERC members and the Commission. CERC also posts shorter-form consumer advisories which are also linked to by members.
- CERC maintains information on the DTV Transition on its website, available to all retailers and members of the public.
- CERC was a founding member of the DTV Transition Coalition and is active in the Coalition's public outreach efforts.
- CERC has undertaken several joint public education efforts with the Commission—
 - Co-branding with the FCC and the Consumer Electronics Association (CEA) of a "DTV Tip Sheet," distribution of copies to Best Buy and Circuit City stores, printing twice in the NARDA magazine.
 - Co-production and branding with the Commission of an advisory to all retailers with respect to the end of manufacturers' distribution of "analog only" television receivers, and the Commission's labeling regulation with respect to analog television receivers (47 C.F.R. § 15.117(k)).
 - CERC maintains a fact sheet on the Commission's "analog only" labeling regulation, for the benefit of all retailers.
- CERC has worked with the NTIA to facilitate its CECB program and has posted NTIA information and application forms on the CERC website.
- CERC will provide information and guidance with respect to the CECB Program to all retailers, irrespective of CERC membership.
- CERC representatives have convened forums and traveled to meetings to advise non-member companies about the DTV Transition generally and FCC and NTIA initiatives specifically.
- CERC member companies have instituted consumer educational and associate training measures, including linking or copying CERC and FCC material via their web stores, and are in consultation with the Commission as to specific enhancements as the DTV Transition approaches.

ATTACHMENT 1

Consumer Electronic Retailers Coalition Guide (English)

WHAT YOU NEED TO KNOW ABOUT THE FEBRUARY 17, 2009 DTV TRANSITION AND THE NTIA COUPON-ELIGIBLE CONVERTER BOX PROGRAM

1. When will the transition from analog to DTV broadcasting occur?

The last day that local broadcasters can send out conventional "analog" television signals will be *February 17, 2009*. After that date, your local television broadcasters will broadcast exclusively digital television ("DTV") signals that can be received only by digital TVs or converters. *If you use a TV antenna with one or more TVs, you should consider what this means to you.*

2. Why will over-the-air broadcasting stop on the analog channels?

After decades of study, Congress passed a law in late 2005 requiring this change. For more than half a century, TV broadcasts have used and improved on basic *analog* technology that was invented in the 1920s and 1930s.

These signals take up a lot of radio “spectrum” that is now urgently needed for emergency communications and new *broadband* services. (Finding new frequencies for emergency communications became a high priority after September 11, 2001.)

Congress found that we can support these essential communications, and new digital services, by moving TV to much more efficient digital transmission, while offering *more* locally broadcast channels, plus HDTV programming, in less overall spectrum space.

3. What is the NTIA “Coupon-Eligible Converter Box” (CECB) program?

Because millions of households rely on antennas for all or some of their TV viewing, the Congress, when it enacted the DTV Transition law, set aside up to \$1.5 billion to fund a program of “Coupon-Eligible Converter Boxes,” to be administered by an agency of the Department of Commerce, the NTIA.

The law requires the NTIA to make available, to each household, up to two \$40 electronic coupons that can be used at participating retailers for “converter boxes” that will convert digital TV broadcasts to analog signals that can be received by the older conventional TVs.

These coupons will be available only from the NTIA, but applications to obtain them will be widely available.

The coupons cannot be combined to buy a single product. Coupons may be requested starting January 1, 2008, and will expire 90 days from issuance. The last coupons will be sent out by March 31, 2009.

4. I now subscribe to cable or satellite. Do I need to be concerned about losing a TV signal to my TVs that are hooked up to these services?

No. Cable operators pick up most local broadcasts at a central location and send them to homes over cable; satellite services increasingly are able to do this as well. *It is likely that they will continue to provide whatever free local broadcast programming they currently provide to you, even after there is this change in broadcasters’ means of transmission.*

- However, local broadcasters will be able to offer additional digital channels, some or all of which might not be carried, or carried in HDTV, by your service. If you want to see such channels, you would need an antenna, and your set would need an HDTV or DTV tuner built-in or added on via a converter. For local information, see www.antennaweb.org.
- In the future, cable operators might also move to “all digital” means of delivery, which *could mean that even for your TVs that are hooked up, you would need to lease a “set top box” or have a TV with a digital cable tuner* (such as one with a “CableCARD” slot)—but this is likely a future, not a present, consideration.

5. What is “DTV?”

Digital television or “DTV” as used in this program means the broadcasting of digital television by local TV (not cable or satellite) broadcasters, *as received directly by consumers using “rabbit ears” or roof-top antennas*. The signals are sent from local transmitters, over the air, to homes, by modern digital techniques rather than the older analog methods that are not as efficient and are of lower quality.

6. What is “HDTV?”

High Definition Television (“HDTV”) is the highest quality version of DTV. (There is “standard,” “enhanced,” and “HDTV”.) Not all DTV broadcasts are in HDTV and not all DTV receivers can display HDTV. *Analog HDTV broadcasts in the U.S. are not possible. If you have seen an HDTV broadcast, it has been over satellite, cable, another such service, or over a digital TV broadcast channel—these are already on the air.*

7. Does my present TV have a DTV tuner? What about my VCR, DVD recorder, PVR, DVR, etc.?

The only televisions that have DTV tuners are those that have been sold—since about 1998—as having an *integrated* or “*built-in*” DTV or HDTV broadcast tuner. (An HD set sold as a “monitor” or “HD-ready” is capable of *displaying* HDTV but does *not* have a built-in HDTV tuner.)

The FCC now requires that TVs with analog tuners be manufactured with built-in DTV or HDTV tuners as well—so most of the TVs you see nowadays in stores will be DTV or HDTV “built-in” products. The FCC is now requiring retailers to post a “Consumer Alert” next to any remaining TV receiver that has only an analog tuner.

8. I now rely on an antenna for at least one TV that does not have a DTV tuner. What are my other options?

You could *subscribe to a cable, satellite, or other program delivery service* that carries the broadcast programming in which you are interested. If you are already a cable, satellite, or other programming service subscriber, you might extend your hookup to reach this TV.

To continue to rely on an *antenna*, you will need an external *DTV Broadcast Converter product such as a Coupon-Eligible Converter Box*.

- If your set is an *HD Monitor* (sometimes called “*HD-ready*”) you are likely to want a tuner that can display HDTV broadcasts in full HDTV resolution (rather than “*downconverting*” them to a lesser format). Coupon-Eligible Converter Boxes will not have HDTV outputs, so you may want a non-subsidized product.
- If your set is a “standard” television, you will likely want to obtain a *Coupon-Eligible Converter Box* through the NTIA program. The NTIA, broadcasters, retailers, and others will soon be publishing information about how to obtain coupons, when the program starts in 2008, to use toward the purchase of such products at retail and on-line stores. For up-to-date information, check at www.dtvtransition.org or www.ceretailers.org or www.dtv.gov.

9. If I am shopping for a new TV, what does the February 17, 2009 shutoff of the analog channels mean to me?

If you plan to purchase a new TV that will rely on a roof-top or indoor *antenna*, you will want to make sure that it has a built-in (integrated) *HDTV or DTV tuner*. Even after DTV tuners are required in all new TVs, there will still be some products sold as “monitors” that do not have any tuner at all.

10. I subscribe to cable or satellite service, but not all my TVs are hooked up. What does the February 17, 2009 shutoff of the analog channels mean to me?

- If some of your TVs rely on an *antenna*, you *will* need a converter box if they are not DTV television sets. (As noted above, you might still want an antenna and a DTV or HDTV tuner in order to receive all local channels.)
- If a TV is not currently hooked up to an antenna (for example, it is being used to play video games, or to watch DVDs or camcorder movies, etc.), nothing will change, because only *free over-the-air broadcasts* will be affected by this DTV broadcast transition.

11. What else do I need to know about HDTV?

High Definition Television, or “HDTV,” is the more general name for showing video in a new and better format—a *wider screen with about 5 times the picture information*. All types of video displays—conventional picture tubes, the various sorts of projection TVs, and Plasma or LCD “flat panels”—can show HDTV if they are designed to handle all of this video information in this format. *You can expect a product to tune or display HDTV only if it was sold or advertised as such.*

- If your existing set is *not* HD-capable (an “*HD Monitor*” or “*HD built-in*”) it will not display an HDTV signal in full quality, even if an “HDTV broadcast converter” is attached to it.
- If your existing set is *HD-capable* it should display an HDTV quality picture when an HDTV broadcast converter is attached (but will display only a standard quality picture from a “DTV Broadcast Converter” that is not advertised as HDTV).
- For your existing TV that *cannot handle HDTV*, a converter should tune the HDTV broadcast channels, but provide them to your set *in the standard quality format that your set can display*. (Some, but not all, of these might also provide HDTV-quality signals to “HD-ready” sets.)
- For further information on display formats, see the Consumer Electronics Association’s Guide to Digital Television at www.myceknowhow.com/digitalTelevision.cfm.

ATTACHMENT 2

Consumer Electronic Retailers Coalition Guide (Spanish)

LO QUE DEBE SABER DE LA TRANSICIÓN DTV DEL 17 DE FEBRERO DEL 2009 Y DEL PROGRAMA NTIA (CECB) CUPÓN DE DESCUENTO DE CAJA CONVERTIDORA

1. ¿Cuándo se llevará a cabo el cambio de difusión de señal analógica a señal DTV? El último día en el cual las emisoras locales, puedan transmitir la señal convencional analógica de televisión será *el 17 de febrero del 2009*, después de esta

fecha las emisoras locales de televisión transmitirán exclusivamente, usando la señal digital de televisión la cual puede ser recibida únicamente por televisores digitales o cajas convertidoras. *Si usted utiliza únicamente antena de televisión con uno o varios televisores, debe considerar como le puede afectar.*

2. ¿Por que se va dejar de transmitir en canales análogos?

Después de décadas de investigación, el Congreso aprobó una ley a finales del año 2005 requiriendo este cambio. Por más de medio siglo, las emisoras de televisión han utilizado y mejorado la tecnología básica *análoga*, la cual fué inventada en los 1920s y 1930s.

Las señales análogas ocupan mucho espacio de la gama de radio, la cual se necesita urgentemente para el uso de los medios de comunicación de emergencias y los nuevos servicios de banda ancha (*broadband*). (El encontrar nuevas frecuencias para uso de comunicaciones de los servicios de emergencias, se convirtió en un tema de alta prioridad después del 11 de septiembre del 2001.)

El Congreso descubrió que se pueden sostener este tipo de comunicaciones esenciales al igual que nuevos servicios digitales, cambiando los televisores al sistema digital el cual es más eficiente, ofreciendo la transmisión de *más* canales locales y además programación HDTV, usando menos espacio en la gama actual.

3. ¿Que es el Programa (CECB) de cupones de descuento para cajas convertidoras elegibles del NTIA?

Como muchas personas dependen de las antenas para recibir toda o parte de la programación de televisión que ven, el congreso, cuando aprobó la ley de transición DTV, reservó \$1,500 millones de dólares para costear un programa de cajas convertidoras elegibles a cupón, el cual será administrado por una agencia del departamento de Comercio el NTIA.

La ley requiere que el NTIA le haga disponible a cada vivienda, hasta dos cupones electrónicos de \$40 que se pueden usar en negocios participantes, para obtener cajas que convertirán transmisiones digitales a señal análoga, que puedan recibir los televisores viejos normales.

Los cupones serán disponibles únicamente del NTIA pero las solicitudes para obtenerlos estarán disponibles en muchos sitios. Para obtener más información del NTIA vaya a <http://www.ntia.doc.gov/dtvcoupon/PreparingForDTVSpanish.pdf>, http://www.ntia.doc.gov/dtvcoupon/faq_spanish.html.

Los cupones no se pueden combinar para comprar una sola unidad. Los cupones se pueden pedir a partir del 1 de enero del 2008, y se vencerán 90 días después de que se otorguen. Los últimos cupones se enviarán el 31 de marzo del 2009.

4. Actualmente soy usuario de Cable o satélite—¿Necesito preocuparme de perder la señal de televisión del televisor que este conectado a estos servicios?

No, los operadores de cable reciben la mayoría de las transmisiones locales en una matriz central y después las envían a los hogares por medio de cable. Los servicios de satélite también pueden hacer esto, cada vez más. *Es muy probable que continúen ofreciendo las transmisiones de programación local gratuita que actualmente le dan, aún después de que se cambie la forma de transmisión de la emisora.*

- Sin embargo, las emisoras locales podrán ofrecer canales digitales adicionales, algunos o quizás todos no sean incluidos, o incluidos en HDTV por su proveedor de servicios. Si desea ver esos canales necesitará una antena y su televisor necesitará un sintonizador de HDTV o DTV interno o agregado por medio de una caja convertidora. Para obtener información, vea www.antennaweb.org.
- En el futuro, los operadores de servicios de cable podrían cambiarse a un medio de entrega completamente digital, lo cual podría resultar en que tenga que arrendar una caja de cable, *aún para los televisores que están conectados* ó tendrá que tener un televisor con un *sintonizador de cable digital* (como los que tiene espacio para un cartucho de cable), esto probablemente será algo que debe ser considerado en el futuro y no actualmente.

5. ¿Que es la TV digital (DTV)?

La televisión digital o DTV como lo usamos en este programa significa, que las transmisiones digitales se harán por las emisoras de televisión local (no por cable ni satélite), *así como los recibe usando las antenas de conejo o las antenas que están sobre los techos*. Las señales se transmiten por aire a los hogares, usando métodos modernos digitales en lugar de los métodos viejos análogos, los cuales no son tan eficientes y de más baja calidad.

6. ¿Que es la HDTV?

HDTV (televisión de alta definición) es la versión de televisión digital de más alta calidad. (Existe normal, mejorada y HDTV) No todas las transmisiones de televisión digital son en HDTV y no todos los recibidores de televisión digital pueden verse

en HDTV. *En los Estados Unidos no son posibles las transmisiones análogas de HDTV. Si usted ha visto una transmisión de HDTV fue por medio de satélite, cable, o algún otro servicio parecido ó por medio de una transmisión de un canal digital, estos ya están al aire.*

7. ¿Tiene mi televisor un sintonizador de televisión digital? ¿Y mi video grabadora, grabadora de Vd., PVR, DVR, ect.?

Los únicos televisores que tienen sintonizadores de televisión digital, son aquellos que fueron vendidos desde aproximadamente 1998—teniendo un sintonizador *interno* u *integrado* de televisión digital o de HDTV. (Una unidad HD vendido como monitor o que este listo para HD, es capaz de *mostrar* HDTV, pero *no* contiene un sintonizador interno ó integrado.)

8. Actualmente dependo de una antena para por lo menos un televisor que no tiene sintonizador de televisión digital. ¿Cuales son mis opciones?

Puede *contratar servicios de cable, satélite, u otro servicio* de entrega de programación que ofrezca la transmisión de programación que le interese. Si usted ya es cliente de un servicio de cable, satélite, u otro proveedor de servicios de programación, puede extender la conexión para que llegue a ese televisor.

Para continuar usando una *antena*, necesitará un *producto convertidor de transmisión de televisión digital, como las cajas convertidoras que son elegibles a los cupones.*

- Si su aparato es un *monitor HD* (a veces llamado *HD-Ready*) probablemente quiera un sintonizador que pueda reproducir en la pantalla transmisiones HDTV con resolución completa HDTV (en lugar de convertirlo a un formato de *menos* resolución) Las cajas convertidoras elegibles para un cupón, no tendrán capacidad de HDTV, por lo que quizás prefiera un producto sin subsidio.
- Si su aparato es un televisor normal, quizás quiera obtener una *caja convertidora elegible a cupón de descuento* por medio del programa de NTIA. El NTIA, las emisoras, vendedores de menudeo y otros pronto publicaron información, de cómo poder obtener los cupones cuando inicie el programa en el 2008, para utilizar los cupones en la compra de los productos en comercios de menudeo o tiendas de la red de Internet. Para obtener información actualizada vea www.dtvtransition.org o www.ceretailers.org o www.dtv.gov o www.ntia.doc.gov/dtvcoupon/index.html.

9. ¿Si estoy buscando comprar un televisor nuevo, que importancia tiene la fecha de cierre de los canales análogos 17 de febrero del 2009?

Si usted tiene planeado el comprar un televisor nuevo, que dependerá de una *antena* montada sobre el techo ó una antena para el interior, debe asegurarse de que tenga un *sintonizador integrado o interno de HDTV ó televisión digital*. Aún después de que requieran sintonizadores de televisión digital en todos los modelos nuevos de televisores, continuarán vendiendo productos clasificados como “monitores”, los cuales no tendrán sintonizadores.

10. Actualmente soy subscriptor de un servicio de cable o satélite, pero no todos mis televisores están conectados. ¿Como me va impactar el cierre del 17 de febrero del 2009 de los canales de señal analoga?

- Si algunos de sus televisores dependen de una *antena*, necesitará una caja convertidora si no son televisores DTV. (Como se mencionó anteriormente, quizás quiera una antena y un sintonizador DTV o HDTV para poder recibir todos los canales locales.)
- Si un televisor no esta conectado a una antena, pero por ejemplo, se está usando únicamente para jugar juegos de video o para ver DVDS o películas grabadas etc., nada cambiará, por que únicamente las *transmisiones gratuitas por aire* serán afectadas por este cambio de transmisión DTV.

11. ¿Qué más necesito saber de HDTV?

La televisión de alta definición o HDTV, es un título generalmente usado para mostrar videos en un mejor y nuevo formato, *la pantalla es más ancha con aproximadamente 5 veces más información de imagen*. Todos los tipos de presentaciones de video como pantallas convencionales, las diferentes variedades de televisores de proyección, plasma o LCD de pantalla plana pueden mostrar HDTV, si fueron diseñadas para poder manejar toda esta información de imagen en este formato. *Puede esperar que el producto pueda sintonizar o manejar HDTV únicamente si fue vendido o se anunció indicando terser dicha capacidad.*

- Si su televisor actual no tiene capacidad HD (como *monitor HD* o *HD integrado*) no podrá exhibir una señal HD con calidad completa, aún cuando este conectado a una caja convertidora de HDTV.

- Si su televisor actual tiene *capacidad de HD*, podrá exhibir una imagen de calidad de HDTV cuando esté conectado a una caja convertidora de señal HDTV, (pero sólo podrá exhibir una imagen de calidad regular, si usa una caja convertidor de señal DTV si no se anunció como HDTV.)
- Para su televisor que *no puede manejar HDTV*, una caja convertidora debe sintonizar la transmisión de los canales HDTV, pero en su televisor se debe ver *en el formato de calidad regular*. (Algunos, pero no todos podrán ofrecer señal de calidad HDTV a los televisores que tengan capacidad HD.)

Para obtener más información de los formatos, vea la Guía HDTV de la Asociación de Electrónicos de Consumidores al www.myceknowhow.com/digitalTelevision.cfm.

The CHAIRMAN. I'd like to first commend all your organizations for the work you're doing to get the word across on February 17, 2009. However, I note that there are reasonable problems. In some areas, you have retailers with shelves filled with converters. I've been told, in some, they haven't received any. And then, you have some with translators, some without translators. Then, we just heard testimony that NTIA-approved converter boxes will be available for sale on January 1, 2008. Is that true, Mr. Pearl?

Mr. PEARL. On January 1, 2008, the applications are going to be made available to consumers. We hope that those will be widespread, not only in the retailers, but in community centers, in churches, in synagogues, in mosques, at—across the board, at banks, at grocery stores, online, et cetera.

The CHAIRMAN. So—

Mr. PEARL. And so, that that is what will be available on January 1st, the application.

The CHAIRMAN. Coupons, not the box.

Mr. PEARL. The application, not the coupon. At—when the application is submitted, whether it be phone, by Internet, or by mail, it is our hope that the NTIA will then look at those applications, verify those applications, and then give, in essence, retailers an opportunity—who are participating in the program—

The CHAIRMAN. When—

Mr. PEARL.—an opportunity to stock their shelves.

The CHAIRMAN. When will the coupons come out?

Mr. PEARL. We—when—we haven't been told when those coupons would come out.

The CHAIRMAN. NTIA said, "We'll begin mailing coupons after that date," whatever that is.

Mr. PEARL. All that we—we have been in contact—in communication, Mr. Chairman, with the NTIA, simply asking them that, when qualified retailers who are participating in the program can be informed well enough in advance so that they can, in essence, supply, through their own distribution channels, the boxes, based on the ZIP Codes and the geographical areas where the applications are coming in, so that if there is a—applications coming in from Missouri or from Hawaii or from Alaska or from any of those individual states, that the retailers would be, then, given sufficient information—that might be a couple of weeks—in order to, in essence, pre-position those boxes so that the consumers in those areas will be able to, when the coupons are sent to them by the NTIA or by the—a contractor—to be able to then go to the stores—make a phone call and know where they can get them.

The CHAIRMAN. These coupons have expiration dates—

Mr. PEARL. Ninety days.

The CHAIRMAN. Ninety days. And you think they'll be receiving the boxes in time, before they expire?

Mr. PEARL. Yes. It's the intention that—we have been told by the NTIA—and I think that Secretary Kneuer mentioned that today—that, before a coupon is sent to a household, that, in point of fact, that the retailers that are participating in that geographical region will be informed well enough in advance to be able to pre-position them so that, in that 90-day period of time, the consumer will get it. It is our understanding that retailers will also be participating, through Internet and through 1-800 toll-free numbers, so that, if you are, in fact, in a rural area or not close to a—an individual geographical store, that you would still be able to make the phone call or go onto the Internet, either at home or at the public library or at work, and be able to order a box that would then be sent to you.

The CHAIRMAN. All of you were here when FCC and NTIA testified. What are your thoughts on their remarks on who's in charge? Any of you?

Yes, sir, Mr. Lawson?

Mr. LAWSON. Mr. Chairman, we share the concern that no one is in charge. We've been talking about the need for national-level coordination for some time. We were impressed with the effort in the U.K., where they created a public-private partnership, which was originally called SwitchCo, and then it became Digital UK. And they also made a major commitment to consumer education there, and have actually brought back over-the-air television. It's been a remarkable story. They call it Freeview. We think the same thing could happen here. But we have just about given up hope, frankly, that we're going to have that kind of national-level coordination, and that's why I think we and the other industry groups are doing what we can, on our own and through the DTV Transition Coalition, to move this forward. But there is a lot more that needs to be done.

The CHAIRMAN. Mr. McSarrow?

Mr. MCSLAWSON. I think Senator McCaskill, in "the buck stops here" category, talked about "someone has got to be accountable." And I say this with all due respect, as a former Deputy Secretary of a Cabinet agency. I think we have to understand the limitations of the Executive Branch. There is an enormous amount of coordination within the government, and obviously there is an enormous amount of work that has to be done to make sure the coupon program is done correctly.

And, I think, somehow somebody has to be in charge of coordinating all that. And I think, just speaking for my industry, but, I suspect, for all of us, I think we would welcome someone's leadership, in terms of trying to help make sure that everything that we're doing is coordinated. We've got to communicate that there is a transition coming, number one. Number two, we have to identify who the at-risk populations are, and those owners of analog TVs. And, number three, we have to communicate what tools are available, including the coupon program, to those consumers.

I think the limitations, though—and the one caution I would present is since we've already seen how the messaging can get messed up with the government, that I don't think we want to put somebody in charge of actually reading the scripts. We did it on our

own, just because it was common sense to try to vet this with the government agencies, and we'll continue to do that. But I don't think we want to slow this down. So, there is a balance here of some accountability, making sure someone's in charge, and, at the same time, being nimble enough—because we don't actually have a lot of time left—to make sure the education campaigns roll out and the right information is given but, really, when you get right down to it, it's going to be this coupon program and its success that drives the success of the digital transition.

The CHAIRMAN. It would appear that most people suggest that we need a leader, but, more specifically, who would you recommend? What agency or what person? Any thoughts?

Mr. MCSLARROW. I always hesitate to volunteer my chief regulator for anything.

[Laughter.]

Mr. MCSLARROW. I'll defer to the wisdom of the Committee.

[Laughter.]

Mr. PEARL. Mr. Chairman, I don't know if it's—I was General Counsel of the Information Technology Association of America in the late 1990s, and we helped coordinate the technology industry, the Y2K millennium bug, and how to deal with that. But it wasn't just the technology community. And we helped form the Y2K private-sector coalition, which was across the board, both users and providers of technology. It included the National Association of Manufacturers and the Chamber of Commerce and insurance companies, across the board.

There was, in essence, an interagency task force that was set up as a result of the Administration, President Clinton, who, in essence, put together an interagency coordination.

I don't think it necessarily means that someone has to be in charge, but the private sector, without anyone in charge—we're all doing this together—is coordinating its message and coordinating cooperation across the board. We want to see just the same thing happen, interagency. We want to see the Post Office involved—and we don't think that they are, necessarily—in applications. We want to see the HHS, we want to see Veterans, we want to see—wherever there are points of contact for constituents, that they're all part of the same message. And if that's coordinated by the FCC and the NTIA working together, we applaud that. But we want to make sure that the same kind of thing that's happening in private sector is going on within the government.

I talked to the incoming President of the National Governors Association, the Legislative Director, just on Monday, Governor Rendell's staff. The NGA is not aware of what's going on. So, public sector across the board, where this involves people, needs to be done, and whether it's done by one person or by a coordination, we just want to see it done.

The CHAIRMAN. I'm glad you got the churches and synagogues and temples involved—

Mr. PEARL. We have reached out to them.

The CHAIRMAN.—because they're going to be a lot of old folks who may have the box, but won't know how to put them together. It's going to be a little messy, and they'll need your help.

Senator Stevens?

Senator STEVENS. Well, thank you.

Let me ask, just generally, how are you going to reach out to people in isolated areas, such as ours, and to the elderly in very small communities?

Mr. LAWSON. Senator, public television will do what we can through our allies. We have strong ties to the Leadership Conference on Civil Rights, some of the aging groups, the Alliance for Rural Television.

However, we feel like we need some boots on the ground. We—there is a limit to what we can do with volunteers. Our stations are pretty strained, as it is, as you know. That's why we believe that a classic outreach model would really be effective in this, in this case. We've done it through public television and our alliances many times, including through our Ready to Learn Program, funded by the Department of Education. We have high-quality children's programming, and then we do mini grants to stations. We and others go into the community and really bring free books and the message to parents and their children about our programming. And we take the excitement generated by the programming to get children interested in reading. It's a great way to reach out. This is geared toward Title I populations. We've done the same thing for family members who have a family member with Alzheimer's. We have a long history of that. But it does take some cash, some resources, to hire the people to make sure it gets done. We can't do it with volunteers alone.

Senator STEVENS. Up in our areas, we have various organizations, Alaska Native—Alaska Federation of Natives, various organizations, and have some rural distributions. And I'm not advertising it for them, but I think that every house in every small village has got a Sears catalog. Are you going to go to people who are sending advertising, in a traditional means of advertising in the rural areas, and see if you can put instruction of how to get these certificates and how to get them—get these boxes to—in that manner?

Mr. REHR. I, Senator, think that's a great idea, and I think we should do that. And we will do that. Let me just give, kind of, a listing of the things that we, at the NAB, envision doing in those areas that are a little harder to reach.

To John's point, working with Coalition partners, nonprofit organizations; if we have to do mailings, we'll do mailings; of course, through our local radio and television broadcasters. And if we can't get to them through television, we, hopefully, will get to them through local radio. Flyovers, in the case of some of the more rural parts, we're more than willing to put up planes with messages, on a nice, sunny day, where people could see what the message is. Churches, synagogues, we're—

Senator STEVENS. You'd have to fly 400 miles to do that, per village, so I'm not sure that's too cost-effective.

Mr. REHR. Yes.

Senator STEVENS. But, let me interrupt you just by saying this. Those—we've got a certificate, and that certificate is worth \$40, right?

Mr. PEARL. You can get up to two.

Senator STEVENS. What do you do about the people who have to pay to have them shipped out to their areas? There's not going to be any retail distribution in, what, 90 percent of rural Alaska. How do they get their boxes? And what do they cost out there?

Mr. PEARL. It's our understanding—again, there have been only two box manufacturers that have been certified, up to this point, but it is our understanding, I think, through public announcements, that the box will cost somewhere in the area of about \$60 to \$70—that's what we've been told—as a retail price, minus the \$40 that the coupon will take off against it. There will be, for people that are in rural areas who now—what—how they buy their consumer electronics now, they will more than likely be able to find one or more retailers who, either through a 1-800 number, as I said, or an Internet, or, possibly, independent retailers—

We were just in, for example, at a convention of independent retailers, about 5,000 of them, who are not part of the big boxes and are not part of the big stores that you normally hear about, who are in rural areas, Senator, who, in essence, expressed interest to us to participate in the program. And so, we are working with them to try to encourage them—in western Kansas, in western Alaska, in—wherever they're located—to take part in this program and provide for their customers this box if, in fact, they're not getting cable or satellite right now, if they're getting over-the-air, to be able to at least know that they can have this box available to them at that price, minus the \$40.

Senator STEVENS. Can we arrange a wholesale price to groups like the Alaska Federation of Natives, and let them distribute them? I assume that they'd get them for less cost if you had a wholesale price for, say, 1,000 of these?

Mr. PEARL. There—it is our understanding that the price of the box is not a very profitable price right now, but there is no question that if nonprofit groups or others want to participate in a collective buy of these kinds of programs, and be able to work out, with their households, the use of the coupon, as I think David talked about, I think that those are the kind of things that we, at the DTV Transition Coalition, working with our partners and community groups, would absolutely encourage. That's why we've gone before the Congressional Black Caucus and the Congressional Hispanic Caucus to, in essence, suggest there are ways in which we can reach your constituent groups more effectively.

Senator STEVENS. You've been telling us that—the retail price, right?

Mr. PEARL. The retail price—that we've been told is the manufacturer's suggested retail price. But, again, there have only been two boxes that have been certified.

Senator STEVENS. I understand. But do we know what the wholesale price is going to be?

Mr. PEARL. I have no idea. I have no idea what the wholesale price is going to be.

Senator STEVENS. Well, a whole lot of people out there in our villages in Alaska, in the islands in Hawaii, that, you know, probably can't afford to get another television. They're probably using one that they bought secondhand somewhere in town 20 years ago. Now—

Mr. PEARL. Television.

Senator STEVENS. Right. I've got a few in my house that I bought 20 years ago. But, as a matter of fact, what is going to happen, in terms of—is there going to be any national program for those who can't pay the price?

Mr. PEARL. NTIA is responsible for the program, and we have had discussions with NTIA about the possibility of how they might coordinate for those who can't even afford the \$20 or \$25 that it will cost. That will be a—that will be a determination by the contractor, you know, and NTIA. I will say that we have been in discussions with John's group—with John Lawson's group, with the public television stations, to try to work out coordination on getting messages to, in essence, public television viewers, to, in essence, maybe, coordinate both with manufacturers and retailers and public television stations.

We are trying, in the public—in the private sector, Senator, to come up with creative, inventive ways to, in essence, bring this message that—it may not be a box, it may be that a person—a household decides that they don't want their 20-year-old television anymore, and it's time to move up to a digital television. We want, in essence, the consumers to know what their choices are so that no screen, for any consumer, any household, is blank on February 18, 2009.

Senator STEVENS. Well, I hope you can work it. I've got some villages where the unemployment is over 70 percent, thanks to our friends who won't let us dig for coal or produce oil or gas, or cut the timber. There's an extreme high unemployment in my state right now. And I'm not—I'm just stating a fact. Now, when those people—their only contact is through the Internet that's provided with Universal Service payments right now, and the television, which, as a matter of fact, my state subsidizes getting television to them right now. So, I think we're going to have to find out some way to get these boxes to people who can't afford them. And I don't see any—I haven't heard anything here today that convinces me there is any program to deal with those people who can't—really can't afford to have the extra \$25 for this.

What are you going to do, on the broadcaster's side, to deal with the basic problems of commercials that identify to the customers where the markets are if they don't have retailers in their own vicinities? Again, I'm getting back to rural America. There are many places that don't have a Home Depot or a Wal-Mart or—et cetera. Are you going to have any centers that rural people can put in a mail order and get delivery, as they would through the Sears concept?

Mr. REHR. Yes. Actually, Senator, we're looking at, in all 210 television markets, how best to approach getting the boxes to people. Many of our broadcasters have even suggested that they might make the boxes available in their own broadcast facilities, or at annex facilities or working with local independent retailers to promote the availability of the boxes in the market.

Senator STEVENS. I'd better invite all of you to come up to Alaska. You know, the——

Mr. REHR. Yes, I've been there a couple of times, Senator.

Senator STEVENS.—the supply for people at Hooper Bay is in Anchorage, 700 miles away.

Mr. REHR. Yes.

Senator STEVENS. Now, you know, the—and these people in rural areas have got to have some access.

You've got some similar situations, don't you?

The CHAIRMAN. Oh, yes.

Senator STEVENS. We'd like to talk to you sometime about connecting the dots for those people who live where there aren't retail distributions and those people who can't afford to pay the full cost.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator McCaskill?

Senator McCASKILL. Thank you, Mr. Chairman.

I want to compliment the cable industries on your latest ads. I think they're good. I've seen both of them. I think they're both pretty powerful spokespeople. I don't know where you found them, but they're good. I'm not running for a while, but I may call you when I get ready to run again. I thought they were informative. I thought they were fair. I just want to start out with good news.

Now, I do think you're going to have to change one of the graphics, because the graphic in your ad says, "Government coupons available to help consumers, beginning January 2008." It's pretty obvious to me, in listening to the retailers' testimony and reading the contract with IBM, that coupons are not going to be available until April. You're going to be able to apply for a coupon, I think, beginning in January, but it appears to me, in reading this contract, that there is—the operational phase—in fact, they even call it the operational phase in the contract—does not really begin until the 1st of April. But, until then, it's really kind of a test time and a time for them to figure out where these requests are coming from, to try to figure out how they can get these products on the shelves in places that the coupons can be used within the 90 days.

Now, I don't think there is anything inherently evil about that. I just think it's too bad they're not being forthcoming about that right now.

Mr. Pearl, is it your understanding that what I just summarized is, in fact, what's going to occur?

Mr. PEARL. I don't know if it's, in fact, what's going to occur, Senator. We were under the understanding, and had read the contract, and had been told the same thing that you had been told. We just—

Senator McCASKILL. I haven't been told—no one told us.

Mr. PEARL. That you've read. That you've read.

Senator McCASKILL. I've just read the contract and figured it out.

Mr. PEARL. We were in the same situation. And, in many respects, if the program can get, in essence, to a pilot phase, where we know how to get product onto shelves, and that we know that the point-of-sale system works, and that the retailers are, in fact, getting their \$40 from the government, that there are—

Senator McCASKILL. Right.

Mr. PEARL.—participation—the—in fact, the contract calls for, and the program calls for, that the retailers don't have to, in es-

sence, officially announce their participation or sign a contract until March 31—

Senator McCASKILL. Right.

Mr. PEARL.—of 2009. So, in essence, retailers—

Senator McCASKILL. March 31, 2008.

Mr. PEARL.—of 2008. So that it may be that some retailers, particularly small ones, may hold back and see, do they have customers that need the box—

Senator McCASKILL. Right.

Mr. PEARL.—et cetera? So, in essence, what we're hopeful—is, is that—whether the program starts the middle of January or not until the middle of March, that the—whenever it starts, all of the people on this panel, as well as, obviously, the government officials, want to make sure that, when it rolls out, it's successful and that there are 11 months, even if it was—even if the first coupon went out on April 1, it's 11 months until the transition, and it's not until July 10, 2009 that the last coupon would be—would expire. So that, in point of fact, there is—there would be time, if it meant that it was done successfully.

But RadioShack did announce, a couple of weeks ago, that it is going to do everything that it can, once it goes through the certification process, to, in essence, have the boxes ready in early January. All of our retailers who have been interested in the program want this program to start and have boxes be on the shelves and be able to accept the coupons as soon as they can. And if it takes until April 1, you know, that might be one downside, but if it means—April 1 means it's rolled out successfully, then Congress is happy, the government is happy, and certainly the members of this panel are happy.

Senator McCASKILL. Well, I guess, you know, what I'm most worried about is that consumers get correct information from the get-go, and that's why I'm a little worried that you all are beginning to prepare advertising and information that says you can get a coupon beginning in January. And, I think, responsibly, IBM is not going to send these coupons out until they're sure that whoever is getting it can get a box. So, we have a real chicken-and-egg problem here. And the people are going to be very confused, and they're going to panic. If they're told they can get a coupon, and they call and ask for a coupon in January—January goes by, February goes by—you know what they're going to start doing then? They're going to start calling, or they're going to start trying to figure out what happened, and they're going to be, you know, insecure about whether or not this—was my request lost? Is it still coming? When is it coming? And we'll probably start getting calls then.

So, I just—I hope that there is a much better communication between NTIA and you all about what these ads need to say, so the expectation of the consumer is realistic as to how this is actually going to work, in terms of the boxes being available.

Let me ask you this, for the retail community. Are you all making any money off this?

Mr. PEARL. I don't know. I'm a policy association executive, and I'm not made privy of what the—you know, the profit margin—

Senator McCASKILL. Does anybody know if—

Mr. PEARL. The margins are—

Senator McCASKILL.—the retailers are making any——

Mr. PEARL.—very, very thin.

Senator McCASKILL. Well—but I'm trying to figure out why they're doing it.

Mr. PEARL. They're doing it because it's in the public interest to do it.

Senator McCASKILL. OK, great. So, if they're doing it because it's in the public interest, are they willing to accept, you know, inspections from the FCC? Are they willing expect that they have to include notice with every device? I mean, your presentation was a little bit of sweet and sour. It was "Hey, we want to do this in the public interest, but don't tell us what to do."

Mr. PEARL. We want to do this in the public interest, but if sanctions are applied to a voluntary program, if an agency which has no jurisdiction over a particular industry is asserting jurisdiction and applying sanctions or certain liabilities, and they're—and the—and the cost, which is not being recouped through any aspect of this program, is going to be overwhelming in order to make the point-of-sale system work, if all of those hoops are humongous, Senator—if that's a word——

Senator McCASKILL. I think it is.

Mr. PEARL. OK. If all of those hoops are overbearing, then, in point of fact, this voluntary program is going to be—have a less incentive for retailers to want to participate——

Senator McCASKILL. Right.

Mr. PEARL.—so that what we say is, is that, in the public interest, it is—we want customers through our stores, we want foot traffic, we want them to know what their choices are. It may be a box, it may be to tell them, "You are already a cable or satellite subscriber, you don't need a box." We want to be able to, in essence—if people panic, we want them to do, as Mr. Gieselman said—not feel that they don't have to buy one. So, we want to provide that information, and we want——

Senator McCASKILL. I guess I'm just—I'm just a little worried, because, if it is just a not-for-profit activity that you're embracing because it's a good thing to do, and if it becomes cumbersome, in terms of how it works, seems like, to me, if you guys just, you know, say, "Well, we're not making any money off this. We're done. We're not doing it anymore," if it's not seamless, if the process is not easy, if it turns out it's costing you money. Is there a sense that maybe it's going to create the foot traffic and you guys are going to sell a lot of TVs?

Mr. PEARL. Some independent retailers and some other retailers have commented that, in point of fact, anything that brings customers in so that they are knowledgeable of what their choices are, both, as I said, whether it be a digital television, an HD television, the programming, the technology, any of those things are good things for the consumers at large. If, however, there are consumers who have no desire at all to go into a subscriber-based service, who do not want to buy a new digital television, who simply want to keep their old analog television, it is in the interests of the retail community to be able to provide for them the coupon-eligible converter box, which is why, publicly, companies like Wal-Mart, RadioShack, Circuit City, and Best Buy, among others, have, in es-

sence, indicated an—a willingness to want to participate in the program.

Senator McCASKILL. Well, finally, I guess I'm a little worried, the fact that there is no contract. Have you seen anything in writing?

Mr. PEARL. We have not seen a—what would be the contract between the retailer and the—whether it's IBM or the—their subcontractor. We have been told that there will be a contract that will have to be sold—signed by both parties, even after certification. And, as late as this morning, I was just told, there were some meetings between the contractor and one of our members, and the contract was still not presented.

Senator McCASKILL. If we could make a request, Mr. Chairman, for the record, that, since this contract was signed in August, and has a lot of information in it that I think Senators would want to know about what really is going to happen, in terms of how this is going to work, and we had to affirmatively request this contract, I would request that the contract that NTIA enters into with the retailers, that we're given copies of that contract as soon as they're available, so we have some sense of what's going to be required of the retailers and what they're actually being told as to when they're going to be expected to have these boxes available for people who don't want to buy a new TV or go with the satellite or go with cable.

The CHAIRMAN. You're right on target, because, as of this moment, we have no idea as to exactly when the applications will be mailed out—

Senator McCASKILL. Right.

The CHAIRMAN.—when the coupons will be issued—

Senator McCASKILL. Right, we don't know.

The CHAIRMAN.—when the boxes will be available.

Senator McCASKILL. Right.

The CHAIRMAN. And I'd like to put it on my website, so my constituents can look at it and say, "Oh, that's when."

Senator McCASKILL. Right. That's great.

The CHAIRMAN. But right now I'm afraid to put anything on.

Senator McCASKILL. So, if you all would give us a copy of the contract when you get it, and we'll ask NTIA to do the same, and then maybe we'll get it as soon as you all have drafted it, and we can take a look at what is actually happening.

And then let me just say that I was a big fan of public television, and it was my comfort zone when I had small children. I didn't feel quite as guilty sitting them in front of Big Bird as I did some of the other shows that were on, *Teenage Mutant Ninja Turtles* and so forth. That shows you how old I am. We watched—I guess they're still watching *Teenage Mutant Ninja Turtles*.

But I do want to say to the satellite folks, I hope you reconsider giving public television the ability to have more than one of their channels on satellite. I participate in several different systems, and so, I know that we can only get one of your—I guess you have three or four now, that you just demonstrated, Mr. Lawson—

Mr. LAWSON. It varies by station but typically, it's four; one HD and three standard definition.

Senator McCASKILL. Right. I would certainly hope that—I get more than one on cable, but on my satellite I can only get one pub-

lic television station, and public television belongs to the public, and I would hope that satellite would think about giving them a chance to put more than one up.

Thank you, Mr. Chairman.

The CHAIRMAN. It would be well to listen to Mother McCaskill.

[Laughter.]

Senator McCASKILL. My children don't, so—

[Laughter.]

Senator McCASKILL. That's why I'm always so cranky in here, because my kids never listen.

[Laughter.]

The CHAIRMAN. Thank you.

Senator Thune?

**STATEMENT OF HON. JOHN THUNE,
U.S. SENATOR FROM SOUTH DAKOTA**

Senator THUNE. Thank you, Mr. Chairman.

And I want to thank you for holding a hearing on this quickly approaching transition, and I also want to express my appreciation to our panelists today for providing valuable input about your consumer education efforts and the challenges that are ahead for this transition.

We—estimates range, there are 13.5 million households that rely exclusively on analog signals, somewhere up to 19.6 million households. Within these households, it's assumed that we have 36 million to 69 million television sets that may need a digital converter box in order to continue receiving broadcast signals past February of 2009. And it is a significant date, because I think a lot of Americans are, at this point, unaware that that deadline is looming out there.

And, in my State of South Dakota, I think we have—about 17 percent of our people who have televisions receiving analog signals, and we are not as rural as is Alaska, which presents some very unique obstacles, I would think, to educating people in that State, but we have a lot of rural households; and, for many seniors, in particular, this is their lifeline, their television really is, to the world. And so, this is a critically important thing, and it's important that we get it right.

I do want to commend and compliment NAB for their commitment, just recently here, to put \$700 million to consumer education. I think that's something that ought to be applauded. And NCTA has also, I understand, made some significant financial contributions to educating consumers. So, I'm pleased to see some of the efforts that are being made, and I—as a committee, I think, it's important for us to continue to monitor the progress of both the public- and private-sector consumer education programs, as we get closer to February of 2009, to ensure that the transition is as seamless as is humanly possible.

I have a question, I guess, for Mr. Rehr, of NAB, that if—there are 750 of the 1,812 broadcast stations that have completed their construction of digital facilities. Do you anticipate that the remaining stations are going to complete their construction on time? And if there are—if there are those that you don't think are going to

make it, what are the circumstances that are delaying the transition?

Mr. REHR. We anticipate that the stations will complete the construction on time.

Senator THUNE. You think all of them will be there in February of 2009—

Mr. REHR. [Nodding in the affirmative.]

Senator THUNE. OK. Is—are you getting good—listening to some of the discussion today—good cooperation from all the government agencies? I mean, the—working with the industry and—is that—has that relationship been good? They're—

Mr. REHR. Yes, I think it has. I think there—

Senator THUNE. It's a loaded question.

Mr. REHR.—always can be more to do—quicker, sooner, faster. I mean, this is a herculean effort, and we need to do as much as we can every day. I think we're waiting for the third order to come out from the FCC to finalize the—I guess, the Table of Allotments of channels. I think people are doing their best, but, you know, we've not experienced something like this before, and it's a herculean effort. I mean, I think about it every day—every minute of every day, and what else should we be doing, just so we're not here in February 2009, going, "Well, why didn't we think about that? Why didn't we do that? Why didn't we contact Sears to see if they're willing to put flyers in their catalogs, et cetera?"

Senator THUNE. Mr. Lawson?

Mr. LAWSON. Senator, we think there could be more leadership at the Federal level. We, as industries, have come together. We're proud of that effort. But, as Mr. Pearl alluded, and as Commissioner Copps said the other day, the real model for this should be the Y2K—the Y2K commitment. That was a national priority. There was a task force within the White House, as I understand it. There are many Federal agencies that could play a constructive role in reaching people, whether they're rural service delivery agencies or agencies for the elderly or the veterans or whoever. We really think there is an opportunity for more Federal Government-wide cooperation and leadership.

Having said that, we are going to do what we can with the resources we have, including the commitment we made of air time, with—along with the NAB—to get that message out. But we really feel like need some help, particularly at the grassroots level, to reach the hard-to-reach populations.

Mr. REHR. And let me just go ahead and add, Senator, that—reading through the list of—going beyond Washington, all Members of Congress, every State agency director, Governors, chiefs of staff, Lieutenant Governors, State legislative leadership, African-American Caucus leaders, Hispanic Latino State legislators, State municipal league executive directors, State county association executive directors, and all 7,200 State legislators.

So, what we're trying to do is—and they all get toolkits, and they get materials to make it easy for them to understand what they need to do to talk to their respective constituencies. And I think, you know, part of our job is just to have as many touchpoints as possible all across the country, in as many avenues, to make sure

people get the message, so then they, in turn, can use their own resources to continue the education process.

Senator THUNE. In addition to communicating with our constituents about this, are there things that we can be doing to be helpful to help light the fire under the government agencies that you reference in order to get them to assume and take more leadership and feel more of a sense of urgency about this? I mean, is there—

Mr. REHR. I don't know if anyone else wants to jump in. I mean, I think we could ask the Administration to require notices in all Federal buildings and post offices. We routinely send checks and/or receipts for Social Security to senior citizens; I don't think it would cost very much to print up notices about the DTV transition, the same thing for veterans. You know, we have great county extension agents in South Dakota and all across the country; perhaps, provide them with additional information, because people in rural areas rely on their expertise on many, many issues, and they're the leaders in the community. I mean, there is a whole list of things that we could do, and which the Senate could help provide leadership on, to ensure that we're leaving no stone unturned.

Senator THUNE. OK.

Mr. McSlarrow?

Mr. MCSLAWROW. Senator, I think, before you walked in I had mentioned that one of the things the cable industry had adopted and crafted, working with this committee—2 years ago, really—to ensure that our analog customers and our digital customers both got signals—was the dual-carriage plan. The FCC recently adopted the dual-carriage plan.

But, in answer to your question, "What can you do to help?" I think the FCC the order is deficient in one major respect. This committee actually recognized, although it didn't ultimately pass into law, the circumstances of very small cable operators, or those operators with very-low-capacity systems, which are primarily rural in nature, if forced into a one-size-fits-all dual-carriage regime, would actually put at risk the rollout of broadband in rural America that everybody on this committee expects and wants.

So, I think the FCC has basically punted this to a further notice of proposed rulemaking, and I think a message to them that the exemption has bipartisan support and that they ought to adopt a small system exemption as quickly as possible—would be very useful to reduce the uncertainty around the process.

Mr. REHR. I have to—excuse me, Senator, I've got to jump in, because I think my good friend and I might disagree on that. You know, the FCC order, as we understand it, will allow waivers on a case-by-case basis. You've had small television broadcasting companies invest millions of dollars in the digital transition, and if we start making blanket exemptions for all sorts of groups, I think the whole thing starts to unwind. So, I think we need to be really careful, let the FCC do its job.

Senator THUNE. On that—since I had raised that issue and created that conflict, I do want to ask, just in terms of your various organizations, because you all have different, sort of, objectives in all of this, and goals, in terms of what your—at least, economically—and serve, say, different constituencies. You're all, sort of, I guess, the same constituency, but you do it in different ways. And

is there a—how would you rate the ability to work together between the various organizations?

I mean, you've got public, you've got cable, broadcaster, satellite—I mean, everybody's represented in this—retailers—and how would you rate the—just on the private-sector side, the partnership and the sense of unity of direction, or at least that we're all headed toward the same goal?

And, yes, we have different—we're kind of headed in different general directions, in terms of our business models and plans, but this clearly is something everybody ought to, I would think, be working together on.

Mr. MCSLARROW. Well, it might surprise you, Senator, but actually we'll compliment NAB, because, I think, on the education side, I think the cooperation has been extraordinary, in terms of working on the messaging and building a Coalition. And NAB has really led the effort with the DTV Transition Coalition, which includes hundreds of groups, everybody here, plus the FCC and NTIA. You know, when you get into the public policy space with some of the disputes, like we just had, obviously there is a divergence. But on education the cooperation and the willingness to work together, I think, is topnotch.

Senator THUNE. Is there—the question was asked earlier, and maybe if you—if you covered this, I apologize—but about somebody, whoever that is, taking the lead, the leadership, appointing somebody that would coordinate all this, from your perspective. I mean, has there been any discussion given to assembling some sort of a private-sector task force that is composed of all your organizations, that would do that? I mean, is that already—

Mr. REHR. Yes, we actually already have that, Senator. We have a DTV Transition Steering Committee—

Senator THUNE. OK.

Mr. REHR.—which consists, I think, of eight or nine organizations, many of whom are on the panel. And then, they work with the 171 other nationwide organizations that are phenomenally diverse in—to different constituencies.

Mr. PEARL. It is a model, Senator, in terms of what the private sector—even though there are disagreements, you know, at ground level, the ability to come up with a common message, coordination, to be in—more than, I think, important than anything else, there is communication, that, in fact, the service-providing industry—the cable and the satellite industry—are, in fact, communicating continually with over-the-air broadcasters of public television, NAB, with retailers, with manufacturers. And, as I think John Lawson pointed out, we're also reaching out to AARP and the Leadership Conference on Civil Rights and a lot of other community groups. And so, from eight—in essence, there were about four founding members, but, from eight original members in February of this year, we now have, as David said, more than 170 across the Nation, community-interest, private-sector folks. That kind of model is needed at the government level. I mean, it shouldn't be just the responsibility of the private sector to reach out to State and local and government—Federal Government officials. They're—that's coming. And, in point of fact, what we've heard, from Secretary Kneuer, both this morning in the House and this afternoon in—before this

committee—is that, in point of fact, NTIA is doing that kind of outreach to a wide variety of governmental agencies in the kind of way that we've been trying to do it in the private sector. And hopefully there will be this bridge of communication, interagency and private sector, to continue the message in coordination.

Mr. REHR. And——

Senator THUNE. Go ahead.

Mr. REHR. I'm sorry. Let me also add, publicly—I've done this before—but much of our Coalition work and all of our efforts are a result of John Lawson and Mark Erstling at the public television stations who were the—kind of the intellectual driving force behind this. And, you know, we owe them a great deal for moving this forward.

Senator THUNE. Are you saying all the intelligence is at PBS? Is that what you're——

[Laughter.]

Senator THUNE. Well, I—that's not—this is not very far away. We all know that. And I know you're very focused on it. But I would add, again, just in summing up, that anything that we can do to be helpful at—in spurring this along, we certainly want to be doing that. We just don't want any of these TV sets in homes and communities across the country and in—like I said, in rural areas, we've got people who are very dependent upon that as their source of information and news. We don't want any of them to go dark. So, thank you for your testimony.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank you very much.

I arrived here this afternoon a bit concerned and uncertain, but I tell you that I leave, this afternoon, after hearing your testimony, feeling better. I'm glad to know all that you're doing, and I commend you for it, and I thank you for it. But, obviously, there is much more to be done. And time is ticking, not too far away from now. But I think we can face it. But if we fail in this, we'll fail in providing information to our people, even if it's Britney Spears, but——

[Laughter.]

The CHAIRMAN. That's information, I suppose.

[Laughter.]

The CHAIRMAN. So, we'll do our best on our side. You tell us what we should do.

With that, thank you.

[Whereupon, at 4:50 p.m., the hearing was adjourned.]

A P P E N D I X

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
HON. JOHN M.R. KNEUER

Question 1. Do you know how many viewers are served by translators?

Answer. Information provided by the National Translator Association indicates that between 4 million and 6 million households view each of the five major television networks (ABC, CBS, FOX, NBC, and PBS) via translators. The total number of households that receive television via translators is probably somewhat higher.

Question 2. Do you know how many translators intend to continue to broadcast in analog after the transition date?

Answer. Low-power television operators including translators appear eager to convert to digital broadcasting. Almost 40 percent of the low-power stations (2,786 of the 6,951 licensed facilities) have already applied to the FCC to broadcast in digital. While NTIA anticipates that more stations will request digital authorizations, a significant number of stations are expected to remain in analog after the February 17, 2009 deadline for full-power stations.

Question 3. What happens to viewers who receive signals over analog translators?

Answer. Viewers who receive signals of analog translators over-the-air will have several options. If all the translators in their area remain in analog, viewers can continue to use their existing analog televisions to receive all the local translators.

If some of the translators in their area convert to digital and others remain in analog, viewers must be able to view both analog and digital broadcasts. Among the options viewers will have to receive the analog stations are:

- Purchase a digital-to-analog converter box which has an analog pass-through capability. This feature is permitted for the converter boxes eligible for the NTIA coupon program and allows the viewer to turn off the converter box when the viewer wants to watch an analog station.
- Purchase a digital-to-analog converter box which does not have an analog pass-through capability, then add a splitter or A/B switch to receive both analog and digital signals.
- Purchase a digital television set. All new television sets currently on the market can receive both analog and digital stations.
- Leave an analog television set connected to an antenna for reception of analog stations. Most homes have several television sets, and the others could use a digital television or an analog television with a converter box to receive a signal from the digital stations.
- Subscribe to a local cable television service which carries the analog station.

Analog translator stakeholders should work with converter box manufacturers and retailers to impress on them the market potential for producing and selling converter boxes with analog pass-through capability.

Question 4. How do we craft regionally-accurate messages about the transition for viewers served by analog translators?

Answer. NTIA will develop messages and work with appropriate private-sector, government and not-for-profit partners to inform viewers in translator communities about the TV Converter Box Coupon Program. NTIA continues to work closely with the Community Broadcasters Association and the National Translator Association to assist these groups and the audiences they serve. The 2,412 low-power stations that are licensed as Class A or Low-Power TV stations have the ability to originate local programming. These stations will be able to provide their viewers with specific information about their continuation of analog broadcasts and methods of receiving analog broadcasts, as appropriate.

The 4,527 low-power stations that are licensed as translators rebroadcast the signal of full-power television stations. Since full-power television stations will be providing messages about the digital transition and promoting the digital telecasts of

their signals, those viewing these stations on analog translators will be receiving an incorrect message.

These translator operators are in the best position to let their viewers know whether they will be converting to digital or not, the date of the translator's conversion, and how to continue to receive an analog signal, if appropriate. Many translators are operated by voluntary clubs or taxing districts that have a direct association with their viewers. These translator operators have the opportunity to use direct mailings to keep their viewers informed about actions the viewers may take to continue to receive analog translator broadcasts.

Translator operators may have to work with their local newspapers, civic organizations, community groups, schools, churches, etc. to contact the viewers in their service area regarding the digital transition in their area. If there are multiple translator operators in an area, they should cooperate to present a unified message that serves the viewers in their community.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
HON. JOHN M.R. KNEUER

Question 1. My understanding is that as consumers fill out applications for set-top box coupons, IBM will tally the number of set-top boxes needed for a given area. Does IBM make this demand information available to retailers in a local area that are voluntarily participating in the set-top box program? As we discussed at the first DTV hearing, there are no inventory requirements for participating retailers. How will retailers in a given area know how much inventory of set-top boxes it should carry? Will participating retailers in an area have to coordinate their actions?

Answer. Our program rules require retailers to "use commercially reasonable methods to order and manage inventory to meet customer demand for CECBs." NTIA believes that consumer electronics retailers are well suited to forecast demand for television related products such as converter boxes. The highly competitive nature of the consumer electronics industry also will cause various retailers to adopt different marketing strategies with regard to converters. NTIA does not have statutory or inherent authority to regulate the commercial relationships that exist between manufacturers and consumer electronics retailers. We have required IBM to develop program tracking metrics such as data on consumer application requests that are to be provided to NTIA in order to enable us to administer the program efficiently. These program metrics are especially important to us in enhancing our ability to minimize waste, fraud, and abuse.

Question 2. To date, how many retailers has NTIA certified to participate in the program?

Answer. As of November 9, 2007, NTIA has certified thirty-five retailers to participate in the program. The certified retailers include one of the top 30 consumer electronics retailers, ABC Warehouse headquartered in Pontiac, Michigan, as well as two other regional retailers, one online and catalog retailer, and 31 small retailers. Another 20 major consumer electronics retailers are working with NTIA to gain certification to participate in the program.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
HON. JONATHAN S. ADELSTEIN

Question 1. Translators are an important part of making broadcasting work. By repeating broadcast signals, they can extend the reach of local stations. Because translators are low-power facilities, they are not required to make the switch to digital with full-power stations. Yet there are approximately 4,700 translator stations in this country. In light of this, I have a few questions: Do you know how many viewers are served by translators?

Answer. The Media Bureau is in the process of determining the number of viewers who are served by translators.

Question 2. Do you know how many translators intend to continue to broadcast in analog after the transition date?

Answer. We do not know how many translators specifically intend to continue to broadcast in analog after the transition. However, to date, the Media Bureau is aware of more than 3,000 TV translators, LPTV and Class A stations that have either applied to flash cut to digital or requested companion channels to broadcast digitally. There are over 7,300 stations, so as of now 40 percent of them plan to switch. This number will most likely grow as we get closer to the transition date.

Question 3. What happens to viewers who receive signals over analog translators?

Answer. I am concerned about what will happen to viewers who receive their over-the-air broadcast signals over analog translators post-transition. It is important that we do not leave any viewers or television households out after the transition. Analog viewers who have not purchased digital-to-analog converter boxes with analog pass-through capability will not be able to receive an analog translator's signal. These are among the most vulnerable consumers.

The failure to have a plan to address this issue is just one example of the Commission's lack of planning and coordination. While the Commission has publicized that *all* analog broadcast transmission actually ceases on February 17, 2009, for millions of Americans, particularly over-the-air Spanish-speaking viewers and many rural residents, who rely on the over 4,700 low-power, Class A and translator television stations in the U.S., analog broadcasting will continue. In many urban and rural cities, popular Spanish language networks like Telemundo and Azteca, and quality stations that are often the main source for critical local news and information, are not required to convert their facilities to digital by the deadline.

Recently, the Community Broadcasters Association (CBA) brought this issue to the attention of FCC's outreach and consumer education specialists. CBA expressed concern that "publicity about the digital television transition will be misleading if it suggests that no over-the-air analog television service will be available" after the deadline for full-power stations. In response to this concern, the FCC hastily issued a consumer advisory on its website to inform the public about this forgotten, but important, aspect of the DTV transition.

Question 4. How do we craft regionally-accurate messages about the transition for viewers served by analog translators?

Answer. In order to craft regionally-accurate message about the transition for viewers served by analog translators, the Commission needs to first engage in meaningful dialogue with the broadcasters, particularly the National Association of Broadcasters and the Community Broadcasters Association. Broadcasters have a vested interest in ensuring that all viewers are capable of receiving their programming streams after the transition. We first need to know which facilities intend to continue to broadcast in analog after the transition date. This will help us know and prioritize which regions are in need of targeted consumer education and technical assistance.

Next, we need to coordinate with NTIA, state and local/tribal governments, and organizations that provide direct assistance to the identified regions. NTIA regulations do not require consumer electronics manufacturers to produce converter boxes that pass through analog signals, but it is my understanding that several manufacturers have decided voluntarily to include this important capability. Viewers need to know which converters have analog pass through capability, and that information needs to be integrated with the consumer education information that is disseminated by the Commission, other government entities and community-based organizations.

This is a task I believe we can accomplish, but it will require more planning, coordination and leadership than we have thus far shown.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. MARIA CANTWELL TO
HON. JONATHAN S. ADELSTEIN

Question. In your testimony, you suggested that the U.S. Postal Service could play a role in helping the Nation prepare for the digital television transition. Can you elaborate?

Answer. As an independent establishment of the Executive Branch of the U.S. Government, the U.S. Postal Service would have to make the decision to support the national effort to educate consumers about the DTV Transition. Perhaps unlike any other public or private entity, USPS reaches nearly every household in America several times a week. After all, the USPS is the third-largest employer in the United States and operates the largest civilian vehicle fleet in the world, with an estimated 260,000 vehicles and over 35,000 post offices in the U.S. Simply put, the network of the USPS is unmatched and, accordingly, could play a valuable role in the DTV consumer education process.

To date, the Commission has met and conferred with USPS to make DTV education a real national priority. USPS has agreed to display posters and placards in every post office location and clerk station across the country. The Commission and NTIA, however, have not discussed the possibility of participating in the national DTV effort by delivering a brochure or leaflet to every household in America. We should either ask USPS if we could get some space on one of the mailings they do on their own behalf, or Congress could consider a modest and targeted appropriation

for a specific mailing. The cost of doing a mailing could be held to a minimum by getting special dispensation to permit the mailing to go at the reduced rate afforded nonprofits and political mailings by state and national party organizations. A very rough estimate is that by using the reduced rate on a letter-sized piece would cost about 8.5 cents if done correctly (presorted and drop-shipped, etc.), or about \$10 million for 125 million households.

I will continue to encourage further discussion between the FCC and USPS, but time is running out.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
DAVID K. REHR

Question 1. National messages that broadly proclaim that analog broadcasting is coming to an end on February 17, 2009, can obfuscate important regional differences.

For instance, in some areas of the country there are many translator stations. Some have low-power stations that may remain in analog. In others, full-power broadcasters may need to do tower work and make the transition before February 17, 2009. On top of this, in some areas of the country, retailers may have many converter boxes on their shelves, and in other areas retailers with boxes available may be few and far between. In light of this, I would like your thoughts on the following:

- How do we match national messages with region-specific transition realities?
- How can we have the equivalent of a DTV “block captain” in every designated market area in the country?

Answer. The DTV Education Campaign that we have developed is designed to provide the kind of tailored information that your question contemplates. As I explained in my testimony at the hearing, our DTV action spots will have both national and local elements. In addition, we plan to target every local community with pertinent information for specific obstacles that may be relevant to that television market. For example, with help from our partners in the DTV Transition Coalition, which now has 180 members, we will use our members’ grassroots to target specific communities in unique or vulnerable situations.

NAB is also spearheading a national DTV speaker’s bureau, which is booking over 8,000 speaking engagements nationwide and has already produced dozens of speaking events in vulnerable communities. Furthermore, the DTV road show “trekkers” will be crisscrossing the United States with specific information targeted to that area. In terms of having a “block captain” located in every designated market, we have not yet explored that option. As we proceed with our polling and if certain areas are falling behind in consumer awareness, the “block captain” approach may be one of the many ways we can adjust a given market’s consumer education campaign.

Question 2. Broadcasters have made many technical adjustments in order to prepare for the return of their analog spectrum by February 17, 2009. Not all broadcasters, however, plan to “flash-cut” on this date. Some may need to coordinate tower work or take into consideration weather conditions. This could mean they need to transition earlier. Does this mean that the DTV transition will happen in advance of February 17, 2009, in some areas of the country? Does this mean some over-the-air viewers will need converter boxes earlier than February 17, 2009?

Answer. Yes, due to channel allocations and the need to coordinate many stations in each designated market area, some stations will need to transition to digital technology in advance of February 17, 2009. In these situations where certain stations move to a digital-only format prior to February 17, viewers will need to purchase a converter box, buy a digital television, or subscribe to a pay service to receive those stations. To ensure continuity of service, however, broadcasters will be reducing or terminating analog service only where necessary. No broadcaster will willingly give up any viewers.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN D. ROCKEFELLER IV
TO DAVID K. REHR

Question 1. As a result of the 1992 Cable Act, television broadcasters generally elect either *must-carry* or *retransmission-consent* status every 3 years. The next election cycle concludes on December 31, 2008, approximately 6 weeks before the DTV transition deadline of February 17, 2009.

In recent years, there have been a number of cases where retransmission consent (RTC) negotiations have grown extremely contentious, resulting in broadcasters removing or threatening to remove their signals from cable operators. If the RTC negotiations of late 2008 are similarly contentious, American consumers could be subjected to simultaneous, overlapping, conflicting, and confusing messages about the digital transition and the potential loss of stations due to RTC negotiations that have reached an impasse.

Accordingly, one could argue that the public interest would be well served by a further separation of the December 31, 2008 RTC deadline and the February 17, 2009 DTV deadline. One possible way to achieve that goal would be the creation of a “quiet period,” to wit: If a broadcaster and cable operator failed to reach an RTC agreement by December 31, 2008, *neither party* would be allowed to remove or threaten to remove a broadcast signal from a cable system for a reasonable period of time before and after December 31, 2008. During this “quiet period,” the parties could continue to negotiate a mutually acceptable agreement. Failing said agreement, the option to remove or threaten to remove broadcast signals from cable systems would be reinstated at the end of the quiet period. Do you agree it would be in the public interest to further separate the retransmission consent cycle ending December 31, 2008, from the digital cutover date of February 17, 2009?

Answer. It should be noted that for most TV stations the 3-year election cycles are irrelevant because broadcasters and MSOs enter into carriage contracts longer than 3 years and are not linked to the election cycle. Therefore, I see the retransmission consent issue as quite separate from the digital cutover date. The duration of these contracts varies according to the negotiations. While some retransmission consent deals may expire toward the end of 2008 it is purely coincidental and in no way because of a three-year election cycle. A retransmission consent contract, like any contract negotiated in the marketplace, can be of any duration and therefore retransmission consent deals do not necessarily expire at the same time. To be clear, however, no broadcaster wants to be removed from a cable outlet so long as the terms of the carriage are fair to both parties. Indeed, it would be most unfortunate if a cable operator tried to use the fact of the digital transition to avoid fair negotiation over the terms for carriage of the most popular programming on their system. Moreover, viewers of free over-the-air television will continue to receive their local programming no matter what happens as a result of the December 31st election date, so therefore no separation is required. Broadcasters take their public interest obligations very seriously and will therefore always endeavor to make sure that no viewer loses service.

Question 2. If so, how do you believe this separation might be best achieved? Is there a better way to achieve the stated goal than the “quiet period” described above?

Answer. Retransmission negotiations have worked as Congress intended them to work for the last 17 years. There is no justification to change this process now.

Question 3. If we agree that a further separation of these deadlines is in the public interest, can the FCC create said separation by rulemaking or is legislation required?

Answer. See responses above, I do not believe that a separation is necessary.

Question 4. If the separation was achieved by the creation of a quiet period, how long should the quiet period extend, before and after the DTV transition?

Answer. See responses above, I do not believe that a separation is necessary.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
DAVID K. REHR

Question 1. The Government Accountability Office recently testified that no entity or individual in the Federal Government appears to be in charge of the digital television transition. The responsibility appears to lie somewhere between NTIA and the FCC. And unlike the Clinton Administration that housed its overall Y2K coordination function within the White House and made an individual accountable for its success, as far as I can tell, the current Administration is not engaged at senior levels. Are you concerned at all that this lack of specific accountability and lack of coordination at senior levels in the current Administration may prove to be an Achilles heel for ensuring that consumers that receive over-the-air television broadcasts are not disenfranchised on the day of the DTV transition?

Answer. At the end of the day, local broadcasters will be held accountable if viewers are lost. To prevent this from happening, I can assure you we are working night and day to accomplish all the goals we have laid out. This includes our work with

the DTV Coalition of some 180 diverse groups which will provide a good basis for coordination. And, we are working with both FCC and NTIA to stay coordinated with those agencies.

Question 2. Also, are you concerned that as a new Administration comes into office only a month before the transition, that there may be some hand-off problems such as vacancies in key decisionmaking functions? As you know, the law does not provide for any waivers or extensions to the DTV hard date.

Answer. We would expect that all of our plans will be actively in place at that time and thus the impact of any governmental changes in January 2009 will be minimal.

Question 3. In Washington State, over 300,000 households, or 13.4 percent of households, rely exclusively on over-the-air television. This represents 12 percent of households in the Seattle market and 18 percent in the Yakima market. The more rural areas of my state rely on translator stations to rebroadcast the over-the-air signals from the major markets. Because translators are not full-power facilities, they are not required to switch to digital service on February 17, 2009. As you know, the DTV hard date is only for full power stations. This could lead to problems for viewers receiving over-the-air broadcast service over translators. There are over 4700 translator stations, mostly in the western part of the country. My state has over 200 translator stations. How many viewers are served by translator stations nationally? How many viewers in Washington State?

Answer. I am not aware of any quantitative analysis that has been performed on the total viewership of translator stations—the National Translator Association, which represents this stakeholder, may have some estimates.

Question 3a. How many translator stations intend to continue to broadcast in analog after the transition date?

Answer. Unknown. The FCC has not completed its proceeding on the DTV transition deadline for translators.

Question 3b. What happens to viewers who receive signals over analog translators?

Answer. Viewers will need to access analog translators through the tuner in their analog television set or the analog tuner in a new DTV set (all DTV sets on the market have both digital and analog tuners).

Question 3c. Given your outreach campaign, what is your strategy for crafting regionally-accurate messages about the transition for viewers served by analog translators?

Answer. We are aware of this issue and are considering how to address it.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DANIEL K. INOUE TO
KYLE E. MCSLARROW

Question. National messages that broadly proclaim that analog broadcasting is coming to an end on February 17, 2009, can obfuscate important regional differences.

For instance, in some areas of the country there are many translator stations. Some have low-power stations that may remain in analog. In others, full-power broadcasters may need to do tower work and make the transition before February 17, 2009. On top of this, in some areas of the country, retailers may have many converter boxes on their shelves, and in other areas retailers with boxes available may be few and far between. In light of this, I would like your thoughts on the following:

- How do we match national messages with region-specific transition realities?
- How can we have the equivalent of a DTV “block captain” in every designated market area in the country?

Answer. As a member of the DTV Transition Coalition, NCTA is committed to working with our partners, including the broadcasters and consumer electronic manufacturers, to ensure that our messaging is as useful and targeted as possible. We agree that there are important regional differences that will impact the decisions consumers make, and to the extent cable is able to tailor our messaging in a region-specific manner, we will do so.

While cable operators’ franchise areas do not conform to the broadcasters’ DMAs, we stand ready to work with any entity, such as a DTV “block captain,” to coordinate our education efforts.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN D. ROCKEFELLER IV
TO KYLE E. MCSLARROW

Question 1. As a result of the 1992 Cable Act, television broadcasters generally elect either *must-carry* or *retransmission-consent* status every 3 years. The next election cycle concludes on December 31, 2008, approximately 6 weeks before the DTV transition deadline of February 17, 2009.

In recent years, there have been a number of cases where retransmission consent (RTC) negotiations have grown extremely contentious, resulting in broadcasters removing or threatening to remove their signals from cable operators. If the RTC negotiations of late 2008 are similarly contentious, American consumers could be subjected to simultaneous, overlapping, conflicting, and confusing messages about the digital transition and the potential loss of stations due to RTC negotiations that have reached an impasse.

Accordingly, one could argue that the public interest would be well served by a further separation of the December 31, 2008 RTC deadline and the February 17, 2009 DTV deadline. One possible way to achieve that goal would be the creation of a “quiet period,” to wit: If a broadcaster and cable operator failed to reach an RTC agreement by December 31, 2008, *neither party* would be allowed to remove or threaten to remove a broadcast signal from a cable system for a reasonable period of time before and after December 31, 2008. During this “quiet period,” the parties could continue to negotiate a mutually acceptable agreement. Failing said agreement, the option to remove or threaten to remove broadcast signals from cable systems would be re-instated at the end of the quiet period. Do you agree it would be in the public interest to further separate the retransmission consent cycle ending December 31, 2008, from the digital cutover date of February 17, 2009?

Answer. Yes. Cable operators have gone beyond what we believe we are required to do by accepting the obligation to carry must carry broadcast stations in analog and digital format. That dual carriage obligation is not required by statute and raises significant Constitutional issues; but the cable industry made that commitment precisely and solely because of the unique nature of the broadcasters’ digital transition.

Some broadcast stations have threatened to withdraw consent to retransmit their signals at particularly vulnerable times, such as the day of a major sports event. It would not serve the public interest if consumers and cable operators were forced to contend with the potential or actual loss of broadcast stations at the same time as they were preparing for the digital transition. And it would be a particularly odd result when cable operators are doing more to ensure carriage of broadcasters’ signals.

We believe that all of the industries with a stake in a successful transition should go the extra mile to make sure it is successful. Temporarily foregoing the right to withdraw retransmission consent in order to preserve stability and certainty for consumers would be a small burden for broadcasters to undertake.

Question 2. If so, how do you believe this separation might be best achieved? Is there a better way to achieve the stated goal than the “quiet period” described above?

Answer. We believe a “quiet period” would be an appropriate way to achieve the goal of separation, which in turn will help ease the digital transition for the reasons discussed above. A successful digital transition will also require the concerted efforts of all affecting industries and the government to educate consumers about the transition and their options for dealing with it. In my testimony I described the efforts that the cable industry has and will undertake, on its own and as part of the DTV Coalition, to meet those objectives.

Question 3. If we agree that a further separation of these deadlines is in the public interest, can the FCC create said separation by rulemaking or is legislation required?

Answer. It is unclear what authority the FCC would have to mandate a “quiet period” by modifying its retransmission consent rules. It is possible that the FCC could modify the timetables for which retransmission consent elections are made, or it could make such a “quiet period” a requirement of its good faith negotiation rules in light of the unique additional demands placed on cable operators, broadcasters, and the public by the DTV transition. But the best answer is for the FCC and legislative leaders to work with broadcasters to achieve a voluntary “quiet period” in the same way the cable industry agreed voluntarily to dual carriage except in those markets with small systems and low capacity networks.

Question 4. If the separation was achieved by the creation of a quiet period, how long should the quiet period extend, before and after the DTV transition?

Answer. We believe that a quiet period for any retransmission consent agreement that expires some number of months before and after the hard date (February 17, 2009) is the best way to achieve the stated goal. It is difficult to pinpoint precisely how many months this should be both before and after the transition, but it should be tied to ensuring the avoidance of significant public confusion about how the transition will affect the viewing public. It would also ensure that broadcast carriage remains stable in the time period immediately after the transition when cable operators must devote their full attention and energy to ensuring a smooth and seamless transition for all of their consumers.

While retransmission consent negotiations proceeded, the broadcaster would continue to be carried on the cable system under the terms and conditions of the existing retransmission consent agreement. Any adjustment to compensation needed to reflect market changes during this time period could be determined during the ongoing negotiations.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
KYLE E. MCSLARROW

Question 1. The Government Accountability Office recently testified that no entity or individual in the Federal Government appears to be in charge of the digital television transition. The responsibility appears to lie somewhere between NTIA and the FCC. And unlike the Clinton Administration that housed its overall Y2K coordination function within the White House and made an individual accountable for its success, as far as I can tell, the current Administration is not engaged at senior levels. Are you concerned at all that this lack of specific accountability and lack of coordination at senior levels in the current Administration may prove to be an Achilles heel for ensuring that consumers that receive over-the-air television broadcasts are not disenfranchised on the day of the DTV transition?

Answer. As noted in my testimony before this committee on October 19, I think it is important to recognize the limitations of the Executive Branch. An enormous amount of coordination is required to make things happen within the Federal Government. And so, ultimately, the success of NTIA's coupon program will be determined by how well NTIA coordinates with other Federal agencies, both executive and independent. To that end, we would welcome leadership within the government to help direct that effort.

However, we recommend that the government not micromanage industry messaging, to the point of reading and approving scripts for television advertisements. NCTA recognized the need to have input from Congress, the FCC and public interest groups, and on its own, sought advice on how best to craft its ads. Our latest set of ads which are currently running, reflect the input we received, and we plan to continue that collaboration. My concern is that injecting a government approval requirement into this process will only slow down our, and other affected industries, education campaigns.

Question 2. Also, are you concerned that as a new Administration comes into office only a month before the transition, that there may be some hand-off problems such as vacancies in key decisionmaking functions? As you know, the law does not provide for any waivers or extensions to the DTV hard date.

Answer. The way to avoid hand-off problems is to ensure that all of the key elements necessary to ensure a seamless transition, such as coordination of industry and government messaging and securing NTIA's coupon program, are put into place next year. The cable industry remains committed to ensuring a smooth transition and will continue to work with Congress, the FCC, NTIA and other affected industries throughout 2008 to reach this goal.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
JOHN M. LAWSON

Question 1. National messages that broadly proclaim that analog broadcasting is coming to an end on February 17, 2009, can obfuscate important regional differences.

For instance, in some areas of the country there are many translator stations. Some have low-power stations that may remain in analog. In others, full-power broadcasters may need to do tower work and make the transition before February 17, 2009. On top of this, in some areas of the country, retailers may have many converter boxes on their shelves, and in other areas retailers with boxes available may be few and far between. In light of this, I would like your thoughts on the following:

- How do we match national messages with region-specific transition realities?

Answer. Mr. Chairman, you highlight a very significant issue we are facing to prepare consumers for a national transition that has local variances. The problem also raises the importance of a consumer education campaign that is focused beyond traditional broadcasting as a means of disseminating this vital information. As public service media, we will certainly do our part to disseminate as much information as possible. To this end, Public Television recently announced a commitment of \$50 million in airtime devoted to consumer education, which will result in 3 billion impressions on the American public.

There are 364 locally-owned and operated Public Television stations nationwide that will take into account their unique local circumstances when devising and executing their consumer education plans. However, relying on PSAs alone will never fully educate the American public about this major transition and all the steps viewers need to take to successfully make the switch.

As I stated in my testimony, we need to think of the consumer awareness campaign in the same way Members of Congress think of a re-election campaign. It will take on-the-ground, face-to-face contact to reach the most vulnerable constituents. People need to see the box, see the picture quality and see how it is all connected to understand what this transition is all about. To your point, people will need to know if their community is served by translators, and if it is, whether those translators are operating in digital or plan to continue operating in analog, as the FCC will likely finalize the digital translator rules after the February 17, 2009 analog shut-off.

The type of community-specific information required to ensure a successful transition makes it imperative that Congress funds a hands-on grassroots outreach campaign. We are requesting a minimum of \$20 million that would be applied to direct, local outreach activities to explain the intricacies of the transition in a locally relevant manner that focuses on reaching the most vulnerable populations—especially the elderly, lower-income households, people with disabilities, those living in rural areas and non-English speakers. Public Television has a proven history of reaching these constituencies through direct outreach. Over the years, Public Television has built an extensive network of trusted partnerships with local service groups. Nationally we have worked closely with AARP, the Leadership Conference on Civil Rights and the Alliance for Rural Television to coordinate the digital transition consumer education of their local chapter members. A federally-funded, Public Television-led community grassroots outreach campaign would leverage these partnerships to ensure that regionally—and locally—tailored information is delivered directly to your constituents and others nationwide.

Simply put, a national broadcast-only consumer education campaign poses an unacceptable risk of failing to accomplish the task at hand and has the potential to leave many vulnerable groups behind in this transition. Without people on the ground, in the schools, libraries, senior citizen centers, churches and other places people go to receive trusted information, we may have a nightmare on our hands. This nightmare however, is preventable. Public Television has the knowledge and the expertise to make this work for all Americans. What we lack is significant funds to make it happen. We call on Congress to make this investment in the future of digital television for all Americans to ensure that no viewer is left behind by this transition.

Question 1a. How can we have the equivalent of a DTV “block captain” in every designated market area in the country?

Answer. The idea of a “DMA block captain” is precisely the kind of community-specific consumer education and outreach that needs to be implemented. With sufficient Federal resources, Local Public Television stations are ideally suited to be the “block captain” for the local communities they serve, and to coordinate with partner service organizations to ensure that accurate, locally-tailored information reaches everyone in those communities, especially at-risk populations. As discussed in my testimony, Public Television believes a minimum additional investment of \$20 million is needed to implement such a campaign.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
JOHN M. LAWSON

Question 1. The Government Accountability Office recently testified that no entity or individual in the Federal Government appears to be in charge of the digital television transition. The responsibility appears to lie somewhere between NTIA and the FCC. And unlike the Clinton Administration that housed its overall Y2K coordi-

nation function within the White House and made an individual accountable for its success, as far as I can tell, the current Administration is not engaged at senior levels. Are you concerned at all that this lack of specific accountability and lack of coordination at senior levels in the current Administration may prove to be an Achilles heel for ensuring that consumers that receive over-the-air television broadcasts are not disenfranchised on the day of the DTV transition?

Answer. Senator Cantwell, I am very glad that you mention the differences between the priority the Federal Government made out of the Y2K effort and the hands-off nature Federal agencies have thus far demonstrated with regards to consumer education around the digital transition. For years now, Public Television has been calling for a “Y2K level effort” around the transition, advocating for a national, public-private partnership to coordinate all aspects of the transition. In the past, I have pointed to the successful SwitchCo model implemented in the U.K., which leveraged public and private resources to ensure that a single entity was responsible for the successful transition to digital and as such, that adequate resources were dedicated to ensure that no viewer was left behind by the transition.

It is important to note, however, that Public Television is not sitting idly on the sidelines waiting for the Federal Government to undertake the steps necessary to ensure the public is ready. Instead, we have been maximizing our resources, leveraging our partnership and utilizing every tool and resource in our arsenal to educate our viewers about the transition and steps they need to take to continue to receive over-the-air television service.

However, as I said in my testimony, just as broadcasters have a major stake in the success of the DTV transition, so too does the Federal Government, especially given the fact that it will receive an estimated \$12.5 billion in revenue from the auction of analog spectrum. If only as a matter of practical risk-management, the Federal Government must do everything it can to ensure that nothing—especially consumer confusion—keeps the transition from being completed successfully.

The success of this transition cannot be placed solely in the hands of industry. Public Television will do our part, as will other industry partners, but it is time for the Federal Government to recognize the success of this transition as a Federal priority on par with Y2K mitigation efforts.

Question 2. Also, are you concerned that as a new Administration comes into office only a month before the transition, that there may be some hand-off problems such as vacancies in key decisionmaking functions? As you know, the law does not provide for any waivers or extensions to the DTV hard date.

Answer. This could be a very big problem if extensive resources and funding are not dedicated to consumer education today. If public and private stakeholders do their jobs correctly, then February 17, 2009 will be just another Tuesday and the American public will be adequately prepared for the transition long before this Administration leaves office.

Direct, on-the-ground, consumer education efforts need to begin today to ensure that the most vulnerable constituencies are prepared for this transition. The Federal Government needs to make this a priority today and invest immediately in the resources necessary to make this happen. As I have said before, Public Television will do its share of the heavy lifting with the limited resources we have, but with additional funds, we would be well positioned to conduct extensive, hands-on, local outreach explaining to the public what the transition is, why they might need a converter box, how they can go about purchasing and installing the boxes, what their options regarding antennas are and other relevant questions. With all the different variables at play in the transition, we cannot afford to wait one moment longer to begin extensive outreach to the American public.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DANIEL K. INOUE TO
JON GIESELMAN

Question. National messages that broadly proclaim that analog broadcasting is coming to an end on February 17, 2009, can obfuscate important regional differences.

For instance, in some areas of the country there are many translator stations. Some have low-power stations that may remain in analog. In others, full-power broadcasters may need to do tower work and make the transition before February 17, 2009. On top of this, in some areas of the country, retailers may have many converter boxes on their shelves, and in other areas retailers with boxes available may be few and far between. In light of this, I would like your thoughts on the following:

- How do we match national messages with region-specific transition realities?

- How can we have the equivalent of a DTV “block captain” in every designated market area in the country?

Answer. DIRECTV’s two-way relationship with our customers allows us to communicate on both a national and local or one-to-one level with subscribers. To the extent that anomalies exist in DMAs with local broadcasters, we will fully educate our customers about them. As we testified, we do not think our subscribers will need to rely on converter boxes to continue enjoying our 100 percent all digital products. Therefore, converter box shortages should not be an issue for DIRECTV subscribers. For over-the-air households local broadcasters, including public television stations, are perhaps best situated to play the role of DTV “block captain.” DIRECTV will continue to educate our subscribers about the important role they can play in helping friends and family members manage through the transition.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
JON GIESELMAN

Question 1. The Government Accountability Office recently testified that no entity or individual in the Federal Government appears to be in charge of the digital television transition. The responsibility appears to lie somewhere between NTIA and the FCC. And unlike the Clinton Administration that housed its overall Y2K coordination function within the White House and made an individual accountable for its success, as far as I can tell, the current Administration is not engaged at senior levels. Are you concerned at all that this lack of specific accountability and lack of coordination at senior levels in the current Administration may prove to be an Achilles heel for ensuring that consumers that receive over-the-air television broadcasts are not disenfranchised on the day of the DTV transition?

Answer. DIRECTV believes that a collaborative industry-government effort underway will be successful. We have already been working with Department of Commerce, having most recently participated in their “DTV Expo” here in Washington, D.C. We look forward to continue to work with all the Federal agencies involved in the transition. Furthermore, we will actively participate in government-industry coordination through the “DTV Transition Coalition.” Finally, we will make certain that our 16.5 million subscribers have all the information they need for the digital transition as well as information that will help them assist friends and family members through the transition.

Question 2. Also, are you concerned that as a new Administration comes into office only a month before the transition, that there may be some hand-off problems such as vacancies in key decisionmaking functions? As you know, the law does not provide for any waivers or extensions to the DTV hard date.

Answer. Again, DIRECTV believes that a collaborative industry-government effort underway will be successful. There may indeed be some hand-off issues when the new administration takes office. DIRECTV believes that these issues can be minimized through effective industry-government collaboration throughout the period leading up to the transition. For example, the NTIA Digital-to-Analog Converter Box Program is scheduled to launch in January 2008. Successful implementation of the program coupled with industry and government consumer education program can inform and educate over-the-air households about the digital transition and steps they need to take to avoid a disruption of their television service.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DANIEL K. INOUE TO
MARC A. PEARL

Question 1. On January 1, 2008, the law permits consumers to request up to two \$40 coupons per household for the purchase of approved digital-to-analog converter boxes. However, many have expressed concerns that when consumers require these coupons, there will be very few converter boxes available for sale. I would like to know approximately how many of those converter boxes will be on shelves available for purchase as of January 1, 2008. Would your member companies be willing to provide the Committee with information as to how many converter boxes in the aggregate will be available for sale on January 1, 2008, in each television market?

Answer. Chairman Inouye, matching the available production capacity, to retail inventory, to the time and geographic demand for “CECBs” is a vital question. CERC submitted comments to NTIA early in their process to request that retailers be given sufficient notice upon receipt of coupon applications to match Zip Code requests with participating retailers’ locations; and thereby be able to move sufficient/anticipated quantities of CECBs from distribution centers to the area stores. Addi-

tionally, this issue was addressed by Best Buy's Sr. Vice President Michael Vitelli on behalf of CERC during the October 31 House Energy & Commerce hearing. CERC, as an association of competitors, does not and will not collect information on manufacturing or retail inventory.

However, Mr. Vitelli proposed that the NTIA should establish a confidential mechanism for polling and compiling aggregate data on at least a monthly basis of (1) manufacturing capacity, (2) retail inventory, and (3) requests for coupons, by date and geographic area. NTIA should then use this data to advise retailers as to apparent aggregate demand for Coupons, and its geographic concentration (possibly by Zip Code). This information would be of vital use to retailers in planning their ordering from vendors and in directing their inventory to match geographic consumer demand as nearly as is possible.

CERC also recommended on October 31 that January 2008 is likely not the best time period to advise *consumers to expect to receive coupons*, as it is likely that the necessary changes to many or most retail systems in order to accept those coupons could not be performed by that time, nor can retailers be assured that sufficient quantities of CECBs will be available and distributed to the right geographical areas. CERC said that it would be more prudent to advise consumers—at least at the beginning stages of this unique and unprecedented program—to *expect* that they might not receive their coupons before April 1, 2008, although the government and private sector would attempt to exceed consumer expectations. (*E.g.*, earlier coupon delivery by some or all participating and registered retailers may be feasible in some, but not all geographic areas based on applications received, store capability and inventory distribution.)

Question 1a. Should Congress make it illegal for a retailer to sell analog televisions after January 1, 2008, unless such retailer also makes digital-to-analog converters available for sale?

Answer. No, Mr. Chairman, this would be inadvisable for a number of reasons: (1) “analog-only” TVs will continue to remain useful and excellent values for consumers who (as, *e.g.*, cable or satellite subscribers) do not rely on an over-the-air antenna at any viewing location; (2) many consumers may want to use such sets for watching DVDs or playing video games and not for viewing over-the-air broadcasts; (3) such sets already carry “Consumer Alert” labels, (4) retailers already stock a range of non-subsidized recording products with digital TV tuners that consumers may already own or could buy, that will also maintain full utility for these TVs, (5) most major retailers are either out of analog-only TVs or they represent 1 percent of inventory at best and will likely be exhausted before the law could take effect, so any enforcement efforts would be highly inefficient and a waste of resources, (6) these products were lawful when bought by retailers and remain lawful to sell to consumers, and participation in the NTIA program is, by law, voluntary, hence (7) such a mandate may be constitutionally suspect.

Question 2. In July, we heard testimony before this Committee from the FCC. An FCC official noted that the agency has issued over 262 citations to retailers for failing to place warning labels on analog sets indicating that they will not work without converter boxes. We were told that these fines, in aggregate, total over \$3 million dollars. Are retailers still selling analog sets to consumers?

Answer. The references in question were to matters in preliminary or interim stages; no “forfeiture” orders have been assessed against retailers, who are engaged in discussions with the FCC. The initial “citations” had no direct punitive consequence, although fine proposals can result from later inspections. Overwhelmingly, retailers have complied with labeling obligations and began compliance even before the regulations were final. However, retailers were given short and in some respects vague notice as to the content of the regulations, and execution in thousands of stores can fall short of perfection.

Some retailers are now “out” of analog-only TVs, *e.g.*, Best Buy has not sold any analog televisions since October 1, 2007. For other major retailers, as is indicated above, such products are subject to labeling, represent a miniscule part of retailer inventory, and are on the way to being exhausted.

Question 2a. If so, can you confirm that your members are placing warning labels on them so consumers are not stuck with televisions that no longer work after the transition?

Answer. Yes. (But as noted above, cable and satellite subscribers who do not rely on antennas would not be “stuck” with such a product. Indeed, the remaining ones may prove exceptional values as retailer inventory is exhausted. These products will also continue to work with DVD and VHS players, video games, etc.)

Question 3. National messages that broadly proclaim that analog broadcasting is coming to an end on February 17, 2009, can obfuscate important regional dif-

ferences. For instance, in some areas of the country there are many translator stations. Some have low-power stations that may remain in analog. In others, full-power broadcasters may need to do tower work and make the transition before February 17, 2009. On top of this, in some areas of the country, retailers may have many converter boxes on their shelves, and in other areas retailers with boxes available may be few and far between. In light of this, I would like your thoughts on the following:

- How do we match national messages with region-specific transition realities?

Answer. Mr. Chairman, matching inventory and messaging, and calibrating approach by region (as well as by age, income, and language) are a major CERC priority and one on which we are eager to work with the NTIA, the FCC, and the Congress. These are also priorities of the DTV Transition Coalition—the major cross-industry group of which CERC was a founding member and that now numbers more than 175 members—as well as, specifically, every national and local commercial and public broadcaster. As I noted in my testimony before your Committee, we believe the DTV Transition Coalition has been effective in pulling together private sector industries and public interest groups to identify challenges in such areas and to work with the government sector to seek solutions. For example, only through cooperation with government and with the IBM Team will retailers be able to plan their inventory on a geographic basis so that no consumer will be disappointed by having a coupon expire.

Our understanding from their congressional testimony is that the objective of low power TV stations is to achieve cable carriage. It will be an ongoing challenge to avoid over-complicating an already difficult public message, but to address problems and exceptions nevertheless.

Question 3a. How can we have the equivalent of a DTV “block captain” in every designated market area in the country?

Answer. This should be an agenda item for the DTV Transition Coalition; we need to arrive at a single answer to this issue. We anticipate that this question will be discussed soon. To a certain extent, every local broadcaster—who cannot afford to lose a single pair of ‘eyeballs’ (viewers) in its market—is the equivalent of a DTV “block captain.” Retailers have worked and will continue to work on the local level in support of these and other creative efforts to help consumers better understand their options and choices as the Transition approaches.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. MARIA CANTWELL TO
MARC A. PEARL

Question 1. The Government Accountability Office recently testified that no entity or individual in the Federal Government appears to be in charge of the digital television transition. The responsibility appears to lie somewhere between NTIA and the FCC. And unlike the Clinton Administration that housed its overall Y2K coordination function within the White House and made an individual accountable for its success, as far as I can tell, the current Administration is not engaged at senior levels. Are you concerned at all that this lack of specific accountability and lack of coordination at senior levels in the current Administration may prove to be an Achilles heel for ensuring that consumers that receive over-the-air television broadcasts are not disenfranchised on the day of the DTV transition?

Answer. Senator Cantwell, at this point retailers see their role, through the DTV Transition Coalition, as identifying areas in which public-private cooperation seems essential (*e.g.*, inventory anticipation and geographic distribution, messaging to groups according to age, language and dispersion, unification of “1-800” numbers, Federal-state agreement re taxation of Converter Box sales), and achieving a unified Federal response—which encompasses strategic plans, messaging and outreach. My personal experience with respect to Y2K that I outlined during my testimony, indicated the advisability of close public-private sector coordination, clear decision-making, and unified messaging. CERC remains hopeful that such results will be achieved in the DTV Transition but has not been specifically prescriptive as to how the government sector should achieve this. We are more than willing to lend retail expertise and perspectives to such an effort.

Question 2. Also, are you concerned that as a new Administration comes into office only a month before the transition, that there may be some hand-off problems such as vacancies in key decisionmaking functions? As you know, the law does not provide for any waivers or extensions to the DTV hard date.

Answer. CERC has faith in the dedication and professionalism of the FCC and the NTIA leadership and staffing. This past week’s announced resignation of the

NTIA Administrator is an example of the need to ensure that the CECB Program moves forward toward a successful conclusion no matter what ‘transitions’ may be taking place within the government agencies themselves during the DTV Transition. We are confident that this will be the case.

While any hand-off timing from now on will appear awkward, we hope and believe that there will be sufficient continuity at the professional staffing level to overcome problems (anticipated and unanticipated) as they may arise. Fortunately, we do not anticipate severe changes in the makeup of the ever-expanding *private sector* coalition, which we expect to continue to be an engine in a public-private partnership. CERC and most other industry representatives have also worked with the Congress on a bipartisan basis; CERC was not among those concerned about a possible drop in support for the “hard date” when leadership of the Congress and of its oversight committees changes hands. Indeed, the leadership of this Committee provides an excellent model in this respect.

Discussion by Members of this Committee at the October 17 hearing emphasized that the DTV Transition is sufficiently a national priority that it should be approached on a bipartisan basis and should involve sectors going well beyond the industries most directly affected. CERC and consumer electronics retailers want to work with this Committee’s members and leadership to help achieve this.

Question 3. Much of the transition’s success rests on your members voluntarily stocking the set-top converter box, having appropriately trained employees, and providing consumer education, among other things. This summer, after over a thousand field inspections, the FCC issued over 250 citations and a dozen notices of apparent liability to retailers across the country for labeling violations. The FCC is looking at additional retailer requirements and enforcement efforts. Under current law, do you believe the FCC has the authority to institute retailer requirements and undertake enforcement efforts, or would the Congress need to provide the Commission with that specific authority?

Answer. Senator Cantwell, CERC is on record, in a related proceeding, that the FCC at present lacks the authority to regulate retailer stocking or sales practices. Nevertheless, CERC supported the FCC labeling regulation rather than direct time and resources to a court challenge that could have been perceived as detracting from the Transition, and has done all it can to aid and facilitate compliance by retailers whether or not they are CERC members. CERC, in the midst of enforcement activity, even launched a retailer advisory, co-branded with the FCC, *promoting* the labeling regulation. As indicated in my answer to Chairman Inouye, the overall *compliance* of CERC member retailers with this regulation has been exemplary. There will inevitably be instances of imperfect execution, especially where a retailer has hundreds or thousands of stores and carries tens of thousands of products. These were largely attributable to the fact that the regulation did not cover manufacturers, so both retailers and the FCC investigators began their approach to labeling with no reliable database or product indications as a guide, and with very little time to assess which products in fact required labels. As to future regulations or laws, CERC’s view is:

- The issue of “analog-only” TVs is already statistically miniscule, *is* effectively being addressed via labeling, and will soon be resolved in the market by the exhaustion of the remaining inventory; and
- There should not be any “parallel” regimes—the NTIA, pursuant to the authority specifically delegated by the Congress, has *already* received public comment and issued regulations. *Cooperation* between the FCC and the NTIA with respect to enforcement of existing regulations and sanctions would be appropriate. A parallel regulatory and enforcement regime would be the *opposite* of the unified Federal approach discussed in your first question.

Question 4. My understanding is that as consumers fill out applications for set-top box coupons, IBM will tally the number of set-top boxes needed for a given area. Does IBM make this demand information available to retailers in a local area that are voluntarily participating in the program? As you know, there are no inventory requirements for participating retailers. How will retailers in a given area know how much inventory of set-top boxes it should carry? Will participating retailers in an area have to coordinate? Does that raise anti-trust concerns?

Answer. This is an absolutely vital issue, Senator Cantwell. In House testimony on October 31 on behalf of CERC, Best Buy’s Sr. Vice President Michael Vitelli said that a coordinated public-private approach here is essential. For details, please see my answer to Chairman Inouye’s first question. CERC is more than happy to work with this Committee and its Members to help assure that you are continually informed and updated on this important topic. We think any antitrust concerns can

and will be avoided by the collection and aggregation of data by responsible government agencies. With respect to any competitively sensitive issue, only *aggregated* data need be provided to the private sector. Such data could also lawfully be collected by a trade association, if published or shared only in the aggregate. CERC believes, however, that the collection and matching process is so integral to the NTIA task that it would best be performed by NTIA and its Contractor team.

Thank you for the opportunity to answer your additional questions. CERC and its members hopes that you will continue to call upon us for additional information as this important DTV Transition moves forward over the next several months.

BEST BUY CO., INC.
Richfield, MN, October 16, 2007

Hon. KEVIN J. MARTIN,
Chairman,
Federal Communications Commission,
Washington, DC.

RE: MB DOCKET NO. 07-148; BEST BUY CO., INC. COMMITMENT TO DTV CONSUMER EDUCATION

Dear Chairman Martin:

Best Buy Co., Inc. respectfully submits this letter to endorse and specify the commitment to DTV Consumer Education as expressed in the Comments of the Consumer Electronics Retailers Coalition ("CERC").¹ Best Buy is the Nation's leading retailer of consumer electronics products and is currently the chair of CERC. Best Buy's Chairman also serves on the Board of the Consumer Electronics Association. In CERC's Comments, CERC and its members acknowledged the Commission's position of leadership in the public interest, and pledged their cooperation in helping the Commission to exercise its responsibilities so as to achieve a successful result in the DTV Transition. This commitment was recognized in CEA's Comments, as well.² We want to advise the Commission specifically of our DTV Public Education undertakings. The undersigned has met with Chairman Martin on a related matter and described these in some detail, and we have consulted with commissioner and bureau staff.

CERC's Comments set forth the consumer electronics retail industry initiatives that have already been undertaken, and those that are planned. Best Buy has played a key role in these initiatives. Best Buy has distributed to its stores each printing of the "DTV Tip Sheets" that were co-branded by the Commission, CEA, and CERC. Best Buy offers an extensive discussion of the DTV Transition, and what consumers need to know, via the TV & Video pages of its web store. A Best Buy executive has spoken at National Telecommunications Information Administration ("NTIA")-sponsored public meetings of the importance of the NTIA's Coupon-Eligible Converter Box (CECB) program and of the necessity of a retail commitment to it.³ Best Buy has also been aggressive in engaging the NTIA Program Contractor with a view to the earliest and most efficient possible execution of the program at retail.

In CERC's Comments, CERC recognized the FCC's overall responsibilities pertaining to the DTV Transition, and pledged to help and support the Commission in fulfilling them. CERC agreed with congressional leaders that the FCC has a vital leadership role to play in the Transition, and said its members will cooperate further, to assist the Commission in this role, particularly as to coordination and focus in the activities of the public and private sector members of the DTV Transition Coalition. Best Buy embraces this obligation as its own.

More specifically, Best Buy has consulted with the Commission, via the Chairman, the Chairman's office, bureau staff, and/or Commissioners' legal advisors as

¹*In the Matter of DTV Consumer Education Initiative*, MB Docket No. 07-148, Comments of the Consumer Electronics Retailers Coalition (Sept. 19, 2007) ("CERC Comments").

²*In the Matter of DTV Consumer Education Initiative*, MB Docket No. 07-148, Comments of the Consumer Electronics Association at 2, 6-7, 9-10 (Sept. 19, 2007) ("CEA Comments").

³Best Buy has advised the FCC of an intention to participate, pending receipt of additional information as to specific expectations of the NTIA CECB Program Contractor, certification of CECB products (at this writing two manufacturers' products have been certified), their availability from manufacturers, coupon availability, and implementation of technical system requirements for redeeming consumers' coupons. Best Buy is also aware of press reports that the Commission may consider in this Docket regulating retailer implementation of the NTIA program; this is of concern. Best Buy endorses CERC's observation that all parties, public and private, are working on these issues expeditiously and in good faith.

to specific plans to inform and assist customers as key Transition dates approach. Best Buy hereby advises the Commission of the following public education and NTIA undertakings, some of which are already in process:

- As of October 1, 2007, Best Buy stopped selling analog-tuner video equipment.
- Best Buy will participate in the NTIA CECB program.
- Best Buy will educate the public in many ways including as follows:
 - Best Buy will include educational items about the DTV Transition and the end of analog broadcasting in its in-store “video loops” that are shown on the TVs displayed for sale.
 - Best Buy will deploy retail signs about the Transition and the end of analog broadcasts.
- Best Buy will conduct additional and more specific training for its sales associates about the DTV Transition and the NTIA CECB program, including appropriately addressing the expressed needs of customers for CECB products in aid of their existing TVs, if this will suit their needs better than would the purchase of a new TV.
- Best Buy will include DTV Transition information in a variety of advertisements.
- Best Buy will make available to its customers its own pamphlet material as to the DTV transition, plus that of the FCC, NTIA, CERC, and DTV Transition Coalition as copies are provided to Best Buy.
- Best Buy will continue to use its website to educate consumers about the DTV Transition and the NTIA CECB program as more specific information becomes available.

As an active member of CERC and CEA, and separately, Best Buy has worked actively and specifically with the NTIA from almost the moment the agency established its team to fulfill the responsibilities delegated to it by the Congress. Best Buy will consult with the Commission, as well, to help the FCC and the public and private members of the DTV Transition Coalition achieve coordinated message and implementation, as discussed in the CERC Comments. As noted, Best Buy intends to participate actively in the CECB program and believes this participation will be most effective and most feasible for retailers—if the messaging of the FCC, the NTIA, and others is closely coordinated and aligned. As do CERC and CEA, Best Buy acknowledges and endorses the appropriate role of the Commission as to such coordination.

Respectfully submitted,

MICHAEL VITELLI,
Senior Vice President, Merchandising.

PAULA PRAHL,
Vice President, Public Affairs,

cc: Commissioner Jonathan Adelstein
Commissioner Michael J. Copps
Commissioner Robert M. McDowell
Commissioner Deborah Taylor Tate

TARGET CORPORATION, INC.
Minneapolis, MN, October 16, 2007

Hon. KEVIN J. MARTIN,
 Chairman,
 Federal Communications Commission,
 Washington, DC.

RE: MB DOCKET NO. 07-148; TARGET CORPORATION, INC. COMMITMENT TO DTV
 CONSUMER EDUCATION

Dear Chairman Martin:

Target Corporation respectfully submits this specific endorsement of the DTV Consumer Education commitments made in the Comments of the Consumer Electronics Retailers Coalition ("CERC").¹ Target, a general merchandise and food retailer and a leading national seller of consumer electronics products, is a Board member of CERC. In the CERC Comments, CERC acknowledged on behalf of its members the Commission's position of leadership in the public interest, and pledged their cooperation in helping the Commission to exercise its responsibilities so as to achieve a successful result in the DTV Transition. Target endorses CERC's pledge, and specifically advises the Commission of the DTV Public Education undertakings that Target commits to pursue.

CERC has pledged to assist the Commission in fulfilling its overall responsibilities with respect to the DTV Transition.. CERC agreed with congressional leaders that the FCC has a vital leadership role to play in the Transition, and said its members will cooperate further, to assist the Commission in this role, particularly as to coordination and focus in the activities of the public and private sector members of the DTV Transition Coalition. Target specifically embraces this obligation as its own.

More specifically, Target has engaged the National Telecommunications Information Administration ("NTIA") Coupon-Eligible Converter Box ("CECB") Coupon Program Contractor, and its own product vendors, with a view to the earliest and most efficient possible execution of the NTIA CECB program at retail. Target, through its counsel, has also consulted extensively with Commission staff, the Chairman's office, and the offices of all Commissioners as to the undertakings that Target can and will, as discussed and guided by the FCC, pursue within its context as a general retailer of merchandise and food. Target hereby confirms having advised the Commission of the following public education and NTIA undertakings, some of which are already in process:

- Target, through published and distributed materials, will inform both its sales associates and its consumer guests of the DTV Transition and the NTIA CECB program, including needs of some guests for CECB products in aid of their existing TVs rather than for the purchase of new displays.
- Target will endeavor to include DTV Transition advisory information in future advertising supplements.
- Target will make available to its customers pamphlet material as to the DTV transition.
- Target intends to participate in the NTIA CECB program, subject to conditions and information yet to be received.
- Target will include information on its retail web commerce site on the DTV Transition and the NTIA CECB program as more specific information becomes available.
- Target will of course continue to implement compliance with Section 15.117(k) of Commission regulations until stocks of covered products are exhausted. Target is analyzing its inventory to assess the possibility of expeditiously offering its remaining stock of "analog only" TVs to those customers (such as cable subscribers) for whom they may be good values.

Through CERC and through its own personnel, Target has focused actively and specifically on cooperation with the NTIA from the program's inception, to fulfill the responsibilities delegated to it by the Congress. Target will consult with the Commission, as well, to help the FCC and the public and private members of the DTV Transition Coalition achieve coordinated message and implementation, as discussed in the CERC Comments. As noted, Target intends to participate actively in the

¹*In the Matter of DTV Consumer Education Initiative*, MB Docket No. 07-148, Comments of the Consumer Electronics Retailers Coalition (Sept. 19, 2007) ("CERC Comments").

NTIA CECB program² and believes this participation will be most effective—and most feasible for retailers—if the messaging of the FCC, the NTIA, and others is closely coordinated and aligned. Target joins CERC in acknowledging and endorsing the appropriate role of the Commission as to such coordination.

Respectfully Submitted,

NATHAN K. GARVIS,
Vice President, Government Affairs.

cc: Commissioner Jonathan Adelstein
Commissioner Michael J. Copps
Commissioner Robert M. McDowell
Commissioner Deborah Taylor Tate

CIRCUIT CITY STORES, INC.
Richmond, VA, October 16, 2007

Hon. KEVIN J. MARTIN,
Chairman,
Federal Communications Commission,
Washington, DC.

RE: MB DOCKET No. 07–148; CIRCUIT CITY COMMITMENT TO DTV CONSUMER EDUCATION

Dear Chairman Martin:

On behalf of Circuit City Stores, Inc., I am writing to assure you that Circuit City recognizes the importance of educating consumers as to the DTV Transition, and that Circuit City intends to do its part. We specifically endorse, in this respect, the Comments filed by the Consumer Electronics Retailers Coalition (CERC).¹ As you know, Circuit City is a leading specialist retailer of consumer electronics products and a founding member of CERC. In CERC's Comments, CERC and its members acknowledged the Commission's position of leadership in the public interest, and pledged their cooperation in helping the Commission to exercise its responsibilities so as to achieve a successful result in the DTV Transition.

Prior to the filing of the CERC Comments, Phil Schoonover, Circuit City's CEO, and I expressed Circuit City's commitment to working with you and the Commission to further DTV Consumer Education. We reviewed and sought your input on the measures that Circuit City was intending to implement to assure that our associates and our customers had an appreciation of the imminence and significance of the DTV Transition, and the range of choices that will be offered to consumers. Phil Schoonover also serves on the Board of the Consumer Electronics Association (CEA), and such commitments were recognized in CEA's Comments, as well.²

CERC's Comments set forth the consumer electronics retail industry initiatives that have already been undertaken, and those that are planned. Circuit City has played a key role in these initiatives. Circuit City has distributed to its stores the "DTV Tip Sheets" that were co-branded by the Commission, CEA, and CERC. Circuit City posted advisory signage in its stores, for antenna-reliant customers, within weeks of the signing of the legislation that set the February 17, 2009 date for the DTV Transition, and has consistently advised consumers as to the Transition via its commercial website. Circuit City has engaged the NTIA Program Contractor and its own vendors with a view to the earliest and most efficient possible execution of the program at retail.

In addition to consulting with you personally, through counsel we have consulted with your office, bureau staff, and other Commissioners' legal advisors as to specific plans to inform and assist customers as key Transition dates approach. We are com-

²Target has advised the FCC of an intention to participate, pending receipt of additional information as to specific expectations of the NTIA CECB Program Contractor and Target's legal status as a participant, certification of CECB products (at this writing two manufacturers' products have been certified), their availability from manufacturers, coupon availability, and implementation of technical system requirements for redeeming consumers' coupons. Target has not yet seen or received any form of agreement from the IBM Team so cannot yet commit to its terms, nor does it know whether the Commission will impose additional requirements via this Docket. Target endorses CERC's observation that all parties, public and private, are working on these issues expeditiously and in good faith.

¹*In the Matter of DTV Consumer Education Initiative*, MB Docket No. 07–148, Comments of the Consumer Electronics Retailers Coalition (Sept. 19, 2007) ("CERC Comments").

²*In the Matter of DTV Consumer Education Initiative*, MB Docket No. 07–148, Comments of the Consumer Electronics Association at 2, 6–7, 9–10 (Sept. 19, 2007) ("CEA Comments").

mitted to these public education and NTIA Program undertakings, some of which are already in process:

- Circuit City will conduct additional and more specific training for sales associates as to the DTV Transition and the NTIA Coupon Eligible Converter Box (“CECB”) program, including appropriately addressing the expressed needs of customers for CECB products in aid of their existing TVs.
- Circuit City will include DTV Transition advisory information in its advertising supplements.
- Circuit City will include items on the DTV Transition and the end of analog broadcasting in its in-store “video loops” that are shown on the TVs displayed for sale.
- Circuit City will have store signage about the DTV Transition and the end of analog broadcasts.
- Circuit City will make available to its customers pamphlet material as to the DTV Transition reflecting a unified Federal message. (Circuit City has previously distributed the “DTV Tip Sheet” that has been jointly produced and branded by the FCC, CERC, and CEA, as copies have been provided to Circuit City.)
- Circuit City intends to participate in the NTIA CECB program and has begun commercial steps to do so. Any final business decision and commitment, however, must await receipt of necessary documents and information:
 - Receipt of a form of agreement from the NTIA or its Contractor, and knowledge of its terms;
 - Certification by the NTIA of additional models of CECBs (only two manufacturers have received certification as of this writing); and
 - Receipt of additional technical and regulatory information that is still not available to Circuit City. We are encouraged by technical information received from the IBM Team but we still lack sufficient information to assure that participation is feasible with respect to our point of sale and other technological systems. Nor do we know whether the Commission will impose regulations that could penalize retail marketing practices with respect to a program that the NTIA has assured us is voluntary.
- Circuit City will increasingly focus its retail web commerce site on the DTV Transition and the NTIA CECB program, as more specific information becomes available.
- Circuit City will of course continue to implement compliance with Section 15.117(k) of Commission regulations until stocks of covered products are exhausted.
 - In this respect, we are aware of your interest in our exhausting existing stocks of “analog-only” TVs. Circuit City is willing to attempt to expedite its sales of these products to consumers who do not rely on antennas.

As an active member of CERC and CEA, and separately, Circuit City has worked actively and specifically with the NTIA from the program’s inception to fulfill the responsibilities delegated to it by the Congress. Circuit City will consult with the Commission, as well, to help the FCC and the public and private members of the DTV Transition Coalition achieve coordinated messaging and implementation, including a coordinated Federal Government message and communication plan, as discussed in the CERC Comments. As we advised you on a personal basis, Circuit City intends to participate actively in the CECB program, subject to the considerations described above, and believes this participation will be most effective—and most feasible for retailers—if the messaging of the FCC, the NTIA, and others is closely coordinated and aligned. As do CERC and CEA, Circuit City acknowledges and endorses the appropriate role of the Commission as to such coordination.³

In CERC’s Comments, CERC recognized the FCC’s overall responsibilities pertaining to the DTV Transition, and pledged to help and support the Commission in fulfilling them. CERC agreed with congressional leaders that the FCC has a vital leadership role to play in the Transition, and said its members will cooperate further, to assist the Commission in this role, particularly as to coordination and focus

³We do, however, also endorse CERC’s opposition to the Commission regulating in areas in which it appears to lack jurisdiction and as to which the NTIA, which was specifically delegated the Congressional authority to regulate, has declined to do so.

in the activities of the public and private sector members of the DTV Transition Coalition. Circuit City embraces this obligation as its own.

Respectfully,

REGINALD D. HEDGEBETH,
Senior VP, General Counsel & Secretary.

cc: Commissioner Jonathan Adelstein
Commissioner Michael J. Copps
Commissioner Robert M. McDowell
Commissioner Deborah Taylor Tate

